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# INDIVIDUAL INCOME TAX RETURNS 2003

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▲ RETURNS FILED \$ TAX COMPUTATIONS \$

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EXEMPTIONS \$ STANDARD DEDUCTIONS

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**STATISTICS OF INCOME DIVISION**



Department  
Of the  
Treasury  
Internal  
Revenue  
Service

# Individual Income Tax Returns 2003

Publication 1304 (Rev. 09-2005)



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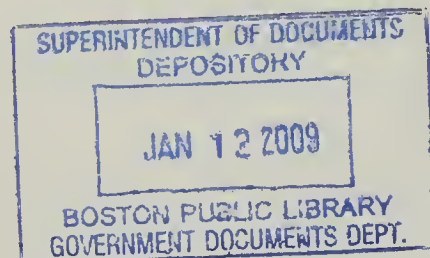
This report contains data on sources of income, adjusted gross income, exemptions, deductions, taxable income, income tax, modified income tax, tax credits, self-employment tax, and tax payments. Classifications are by tax status, size of adjusted gross income, marital status, and type of tax computation.

Additional unpublished information from individual income tax returns is available on a reimbursable basis. The Statistics of Income Division also makes the results of its studies available on the Internet. You can sample our products by contacting our Internet site at <http://www.irs.gov/taxstats>. Most of the tables included in this publication are available on the Internet site in Microsoft Excel format.

The Statistics of Income Division's Statistical Information Services (SIS) staff provides data, statistical analysis, and information in response to requests from customers. In addition, the SIS staff provides data referral services, acts as liaison between requesters and IRS analysts on technical questions, and arranges for sales and transmittals of publications and published tables. The SIS staff can be reached by telephone on (202) 874-0410, or by fax on (202) 874-0922.

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# Section 1

# Introduction and Changes in Law

## Introduction

This report contains complete individual income tax data for Tax Year 2003. The statistics are based on a stratified probability sample of individual income tax returns, selected before audit, which represents a population of over 130 million Forms 1040, 1040A, and 1040EZ, including electronic returns, filed for Tax Year 2003.

Table A on the following pages presents selected income and tax items for Tax Years 1999, 2000, 2001, 2002, and 2003 as they appear on the forms and provides the percentage change for each item between 2002 and 2003. When comparing income and tax items from different years, it is important to consider any changes in the tax law, which may have affected the data. These tax law changes are explained below. To assist year-to-year comparisons, Table A includes the items in both current dollars and constant 1990 dollars, as adjusted by the U.S. Department of Labor's consumer price index (CPI-U).

For Tax Year 2003, the number of individual tax returns filed increased by just over 347 thousand, or 0.3 percent. Adjusted gross income (AGI) rose \$173.5 billion, or 2.9 percent from 2002 to 2003, compared to the 2.2 percent decline recorded from 2001 to 2002. Total tax liability decreased 5.6 percent to \$793.1 billion. Several components of AGI showed increases for between 2002 and 2003, notably net capital gains less loss increased 23.3 percent and dividends increased 11.5 percent.

This report is divided into six sections. Section 1 explains the requirements for filing, changes in the law for 2003, and the 1979 Income Concept. Section 2 describes the sample of individual income tax returns upon which the statistics are based. Section 3 contains tables of detailed aggregate statistics on individual tax returns. Section 4 provides explanations of the terms used in the tables. The tax forms appear in Section 5 and Section 6 contains a subject index.

**Table A--Selected Income and Tax Items for Selected Years, 1999-2003, in Current and Constant 1990 Dollars<sup>1</sup>**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Current dollars					Percent change, 2002 to 2003
	1999	2000	2001	2002	2003	
	(1)	(2)	(3)	(4)	(5)	(6)
<b>All returns</b> .....	<b>127,075,145</b>	<b>129,373,500</b>	<b>130,255,237</b>	<b>130,076,443</b>	<b>130,423,626</b>	<b>0.3</b>
Form 1040 returns.....	74,165,814	78,846,102	80,500,011	80,748,948	80,420,043	-0.4
Electronically filed returns.....	13,173,514	16,018,213	20,811,215	24,843,419	30,472,170	22.7
Form 1040A returns.....	26,961,302	28,826,589	28,293,817	28,714,328	29,631,494	3.2
Electronically filed returns.....	12,462,963	13,889,642	15,007,182	16,839,599	18,910,697	12.3
Form 1040EZ returns.....	20,752,420	21,700,809	21,461,409	20,613,167	20,372,089	-1.2
Electronically filed returns.....	9,858,843	10,170,740	11,043,091	11,115,806	11,771,948	5.9
Form 1040PC returns.....	5,195,609	N/A	N/A	N/A	N/A	(X)
Salaries & wages						
Number of returns.....	108,183,782	110,168,714	111,227,450	110,938,441	110,890,993	(Z)
Amount.....	4,132,473,459	4,456,167,438	4,565,229,218	4,559,690,903	4,649,900,493	2.0
Taxable interest received						
Number of returns.....	67,218,877	68,046,458	67,479,816	63,584,806	59,459,344	-6.5
Amount.....	175,675,236	199,321,670	198,177,814	149,024,899	127,159,692	-14.7
Tax-exempt interest						
Number of returns.....	4,801,877	4,658,345	4,557,381	4,453,829	4,524,955	1.6
Amount.....	52,513,007	53,951,877	55,582,376	54,564,456	53,750,230	-1.5
Ordinary dividends in AGI						
Number of returns.....	32,226,492	34,140,604	32,621,151	31,409,759	30,475,097	-3.0
Amount.....	132,465,522	146,987,679	119,533,324	103,241,332	115,141,232	11.5
Qualified dividends in AGI						
Number of returns.....	N/A	N/A	N/A	N/A	22,449,379	(X)
Amount.....	N/A	N/A	N/A	N/A	80,994,736	(X)
State income tax refund						
Number of returns.....	20,811,334	20,921,057	22,132,023	23,838,529	24,655,907	3.4
Amount.....	17,976,204	18,309,835	21,219,499	23,875,813	23,425,623	-1.9
Alimony received						
Number of returns.....	418,989	442,335	437,859	425,963	431,368	1.3
Amount.....	5,455,497	6,192,307	6,685,857	6,523,019	6,470,712	-0.8
Business or profession net income, less loss						
Number of returns.....	17,312,125	17,600,010	18,018,349	18,597,305	19,415,648	4.4
Amount.....	208,414,067	213,865,353	216,772,496	220,783,572	229,655,285	4.0
Net capital gain in AGI less loss						
Number of returns.....	21,493,841	22,875,460	23,470,401	23,249,625	21,889,687	-5.8
Amount.....	530,795,936	614,739,612	325,168,963	238,368,458	294,021,717	23.3
Capital gain distributions reported on Form 1040						
Number of returns.....	6,206,662	6,645,305	2,486,027	939,523	1,095,371	16.6
Amount.....	11,962,180	15,802,819	1,358,488	420,312	332,293	-20.9
Sales of property other than capital assets, net gain less loss						
Number of returns.....	1,732,925	1,700,051	1,615,884	1,728,377	1,753,860	1.5
Amount.....	-1,712,291	-919,134	-1,896,996	-2,386,530	-330,359	86.2
Total IRA distributions						
Number of returns.....	8,751,378	9,381,311	9,363,959	8,889,787	9,240,253	3.9
Amount.....	125,316,324	138,323,846	118,565,053	120,418,135	120,948,781	0.4
Taxable IRA distributions in AGI						
Number of returns.....	8,129,376	8,732,291	8,834,138	8,291,357	8,611,702	3.9
Amount.....	87,140,912	98,966,627	94,327,585	88,219,481	88,335,605	0.1
Total pensions & annuities						
Number of returns.....	23,180,716	23,793,404	24,317,375	24,857,470	24,767,067	-0.4
Amount.....	508,236,875	552,009,667	532,924,324	561,031,602	565,420,626	0.8
Taxable pensions & annuities in AGI						
Number of returns.....	21,343,646	21,765,211	22,262,775	22,794,417	22,822,842	0.1
Amount.....	304,310,714	325,827,702	338,745,409	357,840,960	372,931,442	4.2
Rents, royalties, partnerships, estates, trusts, etc.						
Number of returns.....	14,536,311	14,332,632	14,542,983	14,683,765	14,824,475	1.0
Amount.....	246,591,401	252,085,403	268,224,205	278,192,647	295,698,600	6.3
Farm net income less loss						
Number of returns.....	2,046,308	2,061,784	2,006,871	1,995,073	1,997,116	0.1
Amount.....	-6,242,916	-9,034,178	-11,004,781	-14,419,719	-12,371,492	14.2
Unemployment compensation in AGI						
Number of returns.....	6,775,723	6,478,292	8,799,885	10,334,639	10,065,230	-2.6
Amount.....	17,530,779	16,913,305	26,890,925	43,129,155	44,007,879	2.0

Footnotes at end of table.



**Table A--Selected Income and Tax Items for Selected Years, 1999-2003, in Current and Constant 1990 Dollars--Continued<sup>1</sup>**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Current dollars					Percent change, 2002 to 2003
	1999	2000	2001	2002	2003	
	(1)	(2)	(3)	(4)	(5)	
Social security benefits (received)						
Number of returns.....	12,487,903	13,627,723	13,753,080	13,869,265	14,120,202	1.8
Amount.....	163,232,494	186,586,863	196,524,465	205,658,281	214,011,279	4.1
Taxable social security benefits in AGI						
Number of returns.....	9,459,189	10,608,572	10,779,279	10,702,502	10,975,002	2.5
Amount.....	75,078,976	89,964,021	93,559,363	93,459,494	97,768,201	4.6
Foreign earned income exclusion <sup>2</sup>						
Number of returns.....	314,486	358,391	292,006	316,931	306,393	-3.3
Amount.....	14,136,544	15,239,672	13,944,765	14,936,779	15,076,406	0.9
Net operating loss <sup>2</sup>						
Number of returns.....	578,583	527,417	611,473	670,081	712,076	6.3
Amount.....	49,634,620	48,096,275	54,475,064	58,126,147	62,824,777	8.1
Other income, net gain less loss <sup>2</sup>						
Number of returns.....	5,160,532	5,815,404	5,610,987	5,467,631	5,703,893	4.3
Amount.....	22,879,779	25,370,158	19,508,967	19,100,950	21,289,227	11.5
Total income						
Number of returns.....	126,840,986	129,148,570	130,014,403	129,837,130	130,171,008	0.3
Amount.....	5,912,166,710	6,423,986,106	6,231,176,710	6,110,746,964	6,294,684,470	3.0
Educator expenses						
Number of returns.....	N/A	N/A	N/A	2,884,403	3,240,673	12.4
Amount.....	N/A	N/A	N/A	712,505	805,734	13.1
Total taxpayer IRA adjustment						
Number of returns.....	3,687,149	3,505,032	3,448,457	3,277,671	3,418,494	4.3
Amount.....	7,883,438	7,477,074	7,406,866	9,462,404	10,006,814	5.8
Student loan interest deduction						
Number of returns.....	4,136,505	4,477,986	4,405,667	6,640,784	6,953,370	4.7
Amount.....	2,254,531	2,639,472	2,711,733	4,659,546	4,409,816	-5.4
Tuition and fees deduction						
Number of returns.....	N/A	N/A	N/A	3,444,941	3,571,154	3.7
Amount.....	N/A	N/A	N/A	6,154,145	6,683,631	8.6
Archer medical savings account deduction						
Number of returns.....	50,393	65,415	69,957	61,118	67,347	10.2
Amount.....	81,977	120,330	123,296	121,282	129,214	6.5
Moving expenses						
Number of returns.....	986,313	956,586	944,791	947,470	1,023,888	8.1
Amount.....	2,230,965	2,137,803	2,180,570	2,215,391	2,439,835	10.1
One-half of self-employment tax						
Number of returns.....	14,029,609	14,300,140	14,574,036	14,664,473	15,373,279	4.8
Amount.....	16,689,650	17,392,967	18,134,959	18,687,162	19,791,285	5.9
Self-employed health insurance						
Number of returns.....	3,491,539	3,564,624	3,559,792	3,571,152	3,802,277	6.5
Amount.....	6,755,071	7,569,198	8,177,397	10,494,247	16,454,211	56.8
Keogh retirement plan						
Number of returns.....	1,264,007	1,287,706	1,290,496	1,186,947	1,208,801	1.8
Amount.....	11,928,242	12,475,396	13,114,412	16,349,738	17,795,957	8.8
Penalty on early withdrawal of savings						
Number of returns.....	805,367	863,436	890,649	804,926	736,121	-8.5
Amount.....	236,115	286,507	197,533	192,750	150,214	-22.1
Alimony paid adjustment						
Number of returns.....	610,609	656,724	656,635	587,219	587,368	( Z )
Amount.....	7,247,919	7,460,164	7,472,718	7,183,522	7,520,335	4.7
Foreign housing deductions						
Number of returns.....	5,782	4,411	4,122	2,074	1,491	-28.1
Amount.....	77,574	42,400	92,074	54,614	51,765	-5.2
Other adjustments						
Number of returns.....	198,438	170,106	183,906	208,348	272,647	30.9
Amount.....	1,313,318	1,008,208	961,209	1,064,125	1,314,285	23.5
Total statutory adjustments						
Number of returns.....	22,659,973	23,197,425	23,497,092	28,911,078	30,382,069	5.1
Amount.....	56,698,800	58,609,518	60,572,768	77,161,432	87,575,677	13.5
Adjusted gross income or loss (AGI)						
Amount.....	5,855,467,909	6,365,376,648	6,170,603,942	6,033,585,532	6,207,108,793	2.9

Footnotes at end of table.

**Table A--Selected Income and Tax Items for Selected Years, 1999-2003, in Current and Constant 1990 Dollars--Continued<sup>1</sup>**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Current dollars					Percent change, 2002 to 2003
	1999	2000	2001	2002	2003	
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Total itemized deductions</b>						
Number of returns.....	40,244,305	42,534,320	44,562,307	45,647,551	43,949,591	-3.7
Amount.....	741,376,847	822,360,510	884,528,260	898,047,320	901,864,834	0.4
<b>Total standard deduction</b>						
Number of returns.....	85,755,366	85,670,504	84,238,232	82,655,191	84,643,281	2.4
Amount.....	463,960,491	470,820,881	481,907,591	492,067,532	555,780,052	12.9
<b>Basic standard deduction</b>						
Number of returns.....	85,755,366	85,670,504	84,238,232	82,655,191	84,643,281	2.4
Amount.....	449,696,182	456,084,883	466,971,032	477,170,045	539,921,089	13.2
<b>Additional standard deduction</b>						
Number of returns.....	11,200,024	11,330,554	11,116,629	10,857,098	11,200,647	3.2
Amount.....	14,264,309	14,735,998	14,936,559	14,897,487	15,858,963	6.5
<b>AGI less deductions</b>						
Number of returns.....	113,863,898	116,391,403	115,862,109	114,976,167	114,402,877	-0.5
Amount.....	4,730,367,366	5,157,822,794	4,910,329,307	4,760,885,833	4,873,784,147	2.4
<b>Number of exemptions.....</b>	248,657,119	252,332,427	256,186,046	258,716,374	261,126,373	0.9
<b>Exemption amount.....</b>	669,241,317	690,109,474	727,554,990	761,440,430	781,305,067	2.6
<b>Taxable income</b>						
Number of returns.....	102,845,571	105,259,292	104,174,655	102,275,969	101,392,812	-0.9
Amount.....	4,136,119,714	4,544,242,424	4,268,506,425	4,096,127,651	4,200,218,439	2.5
<b>Tax from table, rate schedules, etc.</b>						
Number of returns.....	102,831,402	105,254,144	104,163,693	102,266,930	101,386,201	-0.9
Amount.....	906,345,754	1,008,626,180	926,642,321	829,839,121	780,315,781	-6.0
<b>Additional taxes</b>						
Number of returns.....	36,960	23,487	25,334	13,291	21,370	60.8
Amount.....	466,001	126,524	198,998	153,564	222,088	44.6
<b>Alternative minimum tax</b>						
Number of returns.....	1,018,063	1,304,198	1,120,047	1,910,789	2,357,975	23.4
Amount.....	6,477,697	9,600,840	6,756,705	6,853,901	9,469,803	38.2
<b>Income tax before credits</b>						
Number of returns.....	102,834,362	105,277,966	104,195,834	102,293,722	101,412,777	-0.9
Amount.....	906,811,755	1,018,218,948	933,567,474	836,842,718	790,005,881	-5.6
<b>Foreign tax credit</b>						
Number of returns.....	3,266,544	3,935,699	3,942,604	3,748,974	4,145,174	10.6
Amount.....	4,941,010	5,990,360	6,254,559	5,933,600	5,805,555	-2.2
<b>Child care credit</b>						
Number of returns.....	6,182,193	6,368,101	6,184,508	6,185,855	6,313,297	2.1
Amount.....	2,675,147	2,793,860	2,721,061	2,706,539	3,206,890	18.5
<b>Credit for elderly or disabled</b>						
Number of returns.....	181,813	155,796	139,097	133,538	123,147	-7.8
Amount.....	33,629	32,608	30,496	21,119	20,257	-4.1
<b>Education credits</b>						
Number of returns.....	6,436,654	6,815,316	7,212,554	6,544,536	7,298,227	11.5
Amount.....	4,772,443	4,851,178	5,156,254	5,012,744	5,843,029	16.6
<b>Retirement savings contributions credit</b>						
Number of returns.....	N/A	N/A	N/A	5,307,176	5,296,688	-0.2
Amount.....	N/A	N/A	N/A	1,058,219	1,034,394	-2.3
<b>Child tax credit</b>						
Number of returns.....	26,016,019	26,404,521	26,452,875	25,939,801	25,672,254	-1.0
Amount.....	19,398,625	19,689,359	22,427,229	21,520,271	22,788,025	5.9
<b>Adoption credit</b>						
Number of returns.....	47,349	42,681	47,737	55,905	63,980	14.4
Amount.....	103,016	91,866	88,781	234,109	348,793	49.0
<b>General business credit</b>						
Number of returns.....	287,658	275,115	269,648	284,720	262,738	-7.7
Amount.....	783,920	764,253	713,974	750,855	612,744	-18.4
<b>Prior year minimum tax credit</b>						
Number of returns.....	166,010	199,554	248,255	193,776	250,605	29.3
Amount.....	996,461	1,287,661	1,438,041	976,398	916,538	-6.1
<b>Total credits<sup>3</sup></b>						
Number of returns.....	34,813,611	36,028,685	49,066,700	38,846,217	39,247,449	1.0
Amount.....	33,974,279	35,753,613	44,160,998	38,747,463	41,069,375	6.0
<b>Income tax less credits<sup>1</sup></b>						
Number of returns.....	97,752,068	100,163,625	97,389,985	93,565,243	91,109,363	-2.6
Amount.....	872,837,476	982,465,335	889,406,476	798,095,255	748,936,506	-6.2
<b>Self-employment tax</b>						
Number of returns.....	14,029,609	14,300,140	14,575,011	14,664,473	15,373,279	4.8
Amount.....	33,372,365	34,778,824	36,262,878	37,367,003	39,574,991	5.9
<b>Recapture taxes</b>						
Number of returns.....	12,243	14,144	11,686	14,684	15,797	7.6
Amount.....	215,699	298,862	286,974	117,943	87,939	-25.4

Footnotes at end of table.

**Table A--Selected Income and Tax Items for Selected Years, 1999-2003, in Current and Constant 1990 Dollars--Continued<sup>1</sup>**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Current dollars					Percent change, 2002 to 2003
	1999	2000	2001	2002	2003	
	(1)	(2)	(3)	(4)	(5)	(6)
Social security, Medicare tax on tip income not reported						
Number of returns.....	254,489	265,007	288,275	238,185	557,717	134.2
Amount.....	29,477	35,753	35,879	31,446	148,746	373.0
Tax on qualified retirement plans						
Number of returns.....	4,076,050	4,334,527	4,571,187	4,896,938	4,877,670	-0.4
Amount.....	3,074,825	3,414,692	3,259,975	3,498,067	3,407,940	-2.6
Advanced earned income credit payments						
Number of returns.....	171,629	174,967	135,554	156,376	142,694	-8.7
Amount.....	94,004	72,958	51,492	73,904	66,986	-9.4
Household employment taxes						
Number of returns.....	286,175	259,906	250,622	229,722	240,601	4.7
Amount.....	759,438	795,638	804,086	703,931	810,442	15.1
Total tax liability <sup>1,a</sup>						
Number of returns.....	102,194,476	104,685,747	102,557,013	99,559,612	97,875,142	-1.7
Amount.....	916,992,618	1,022,172,309	930,280,996	839,977,103	793,111,460	-5.6
Income tax withheld						
Number of returns.....	111,193,931	113,733,442	114,798,386	114,861,744	114,861,706	( Z )
Amount.....	695,526,980	763,901,388	773,325,891	717,492,263	703,758,484	-1.9
Estimated tax payments						
Number of returns.....	13,169,356	13,326,669	13,167,856	12,434,579	11,576,213	-6.9
Amount.....	196,915,946	221,621,893	220,195,712	198,177,595	182,906,911	-7.7
Earned income credit <sup>1</sup>						
Number of returns.....	19,260,339	19,277,225	19,593,121	21,703,187	22,024,227	1.5
Amount.....	31,903,081	32,296,350	33,375,971	38,198,572	38,657,067	1.2
Additional child tax credit						
Number of returns.....	985,579	1,104,143	8,562,900	10,937,417	12,570,455	14.9
Amount.....	812,404	977,641	4,994,877	6,415,753	9,112,716	42.0
Payment with an extension request						
Number of returns.....	1,510,206	1,610,937	1,448,213	1,235,156	1,333,579	8.0
Amount.....	53,984,319	63,396,711	42,495,018	36,321,934	38,303,188	5.5
Excess social security tax withheld						
Number of returns.....	1,377,613	1,640,582	1,436,745	1,145,352	1,121,141	-2.1
Amount.....	1,712,649	2,184,849	1,915,349	1,564,478	1,566,411	0.1
Other payments:						
Form 2439						
Number of returns.....	37,879	50,698	20,955	19,422	12,717	-34.5
Amount.....	151,723	399,047	88,649	37,701	123,633	227.9
Form 4136						
Number of returns.....	426,878	395,555	386,698	365,868	349,860	-4.4
Amount.....	95,029	90,578	108,963	101,459	82,154	-19.0
Form 8885 <sup>b</sup>						
Number of returns.....	N/A	N/A	N/A	5,322	17,834	235.1
Amount.....	N/A	N/A	N/A	1,967	32,514	1553.0
Total payments <sup>1</sup>						
Number of returns.....	119,809,259	122,243,874	123,451,338	123,462,930	123,461,513	( Z )
Amount.....	981,100,157	1,084,868,447	1,076,500,696	998,311,722	974,543,079	-2.4
Overpayment, total						
Number of returns.....	94,827,237	95,921,082	102,310,895	103,462,884	105,361,848	1.8
Amount.....	182,049,186	196,198,780	236,981,755	239,784,002	254,553,541	6.2
Overpayment refunded						
Number of returns.....	91,600,741	93,000,030	99,011,975	100,143,606	102,004,984	1.9
Amount.....	155,513,635	167,577,365	202,274,032	205,987,348	219,751,889	6.7
Refund credited to next year						
Number of returns.....	4,514,663	4,255,215	5,408,878	5,418,534	5,199,186	-4.0
Amount.....	26,535,551	28,621,415	34,708,129	33,796,653	34,801,652	3.0
Tax due at time of filing						
Number of returns.....	29,200,902	30,624,423	24,581,181	22,818,761	21,072,333	-7.7
Amount.....	119,091,512	134,944,362	91,830,967	82,287,723	73,741,408	-10.4
Tax penalty						
Number of returns.....	5,285,114	5,813,525	5,318,905	5,149,988	4,829,886	-6.2
Amount.....	1,149,865	1,441,719	1,060,320	838,341	619,485	-26.1

Footnotes at end of table.

Table A--Selected Income and Tax Items for Selected Years, 1999-2003, in Current and Constant 1990

Dollars--Continued<sup>1</sup>

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Constant 1990 dollars <sup>6</sup>					Percent change, 2002 to 2003
	1999	2000	2001	2002	2003	
	(7)	(8)	(9)	(10)	(11)	(12)
All returns.....	127,075,145	129,373,500	130,255,237	130,076,443	130,423,626	0.3
Form 1040 returns.....	74,165,814	78,846,102	80,500,011	80,748,948	80,420,043	-0.4
Electronically filed returns.....	13,173,514	16,018,213	20,811,215	24,843,419	30,472,170	22.7
Form 1040A returns.....	26,961,302	28,826,589	28,293,817	28,714,328	29,631,494	3.2
Electronically filed returns.....	12,462,963	13,889,642	15,007,182	16,839,599	18,910,697	12.3
Form 1040EZ returns.....	20,752,420	21,700,809	21,461,409	20,613,167	20,372,089	-1.2
Electronically filed returns.....	9,858,843	10,170,740	11,043,091	11,115,806	11,771,948	5.9
Form 1040PC returns.....	5,195,609	N/A	N/A	N/A	N/A	( X )
Salaries & wages						
Number of returns.....	108,183,782	110,168,714	111,227,450	110,938,441	110,890,993	( Z )
Amount.....	3,241,155,654	3,381,007,161	3,317,753,792	3,313,728,854	3,302,486,146	-0.3
Taxable interest received						
Number of returns.....	67,218,877	68,046,458	67,479,816	63,584,806	59,459,344	-6.5
Amount.....	137,784,499	151,230,402	146,256,689	108,302,979	90,312,281	-16.6
Tax-exempt interest						
Number of returns.....	4,801,877	4,658,345	4,557,381	4,453,829	4,524,955	1.6
Amount.....	41,186,672	40,934,656	41,020,204	39,654,401	38,174,879	-3.7
Ordinary dividends in AGI						
Number of returns.....	32,226,492	34,140,604	32,621,151	31,409,759	30,475,097	-3.0
Amount.....	103,894,527	111,523,277	88,216,475	75,030,038	81,776,443	9.0
Qualified dividends in AGI						
Number of returns.....	N/A	N/A	N/A	N/A	22,449,379	( X )
Amount.....	N/A	N/A	N/A	N/A	57,524,670	( X )
State income tax refund						
Number of returns.....	20,811,334	20,921,057	22,132,023	23,838,529	24,655,907	3.4
Amount.....	14,098,984	13,892,136	15,660,147	17,351,608	16,637,516	-4.1
Alimony received						
Number of returns.....	418,989	442,335	437,859	425,963	431,368	1.3
Amount.....	4,278,821	4,698,260	4,934,212	4,740,566	4,595,676	-3.1
Business or profession net income, less loss						
Number of returns.....	17,312,125	17,600,010	18,018,349	18,597,305	19,415,648	4.4
Amount.....	163,462,013	162,265,063	159,979,702	160,453,177	163,107,447	1.7
Net capital gain in AGI less loss						
Number of returns.....	21,493,841	22,875,460	23,470,401	23,249,625	21,889,687	-5.8
Amount.....	416,310,538	466,418,522	239,977,094	173,232,891	208,822,242	20.5
Capital gain distributions reported on Form 1040						
Number of returns.....	6,206,662	6,645,305	2,486,027	939,523	1,095,371	16.6
Amount.....	9,382,102	11,989,999	1,002,574	305,459	236,004	-22.7
Sales of property other than capital assets, net gain less loss						
Number of returns.....	1,732,925	1,700,051	1,615,884	1,728,377	1,753,860	1.5
Amount.....	-1,342,973	-697,370	-1,399,997	-1,734,397	-234,630	86.5
Total IRA distributions						
Number of returns.....	8,751,378	9,381,311	9,363,959	8,889,787	9,240,253	3.9
Amount.....	98,287,313	104,949,807	87,501,884	87,513,180	85,901,123	-1.8
Taxable IRA distributions in AGI						
Number of returns.....	8,129,376	8,732,291	8,834,138	8,291,357	8,611,702	3.9
Amount.....	68,345,813	75,088,488	69,614,454	64,112,995	62,738,356	-2.1
Total pensions & annuities						
Number of returns.....	23,180,716	23,793,404	24,317,375	24,857,470	24,767,067	-0.4
Amount.....	398,617,157	418,823,723	393,302,084	407,726,455	401,577,149	-1.5
Taxable pensions & annuities in AGI						
Number of returns.....	21,343,646	21,765,211	22,262,775	22,794,417	22,822,842	0.1
Amount.....	238,675,070	247,213,734	249,996,612	260,058,837	264,866,081	1.8
Rents, royalties, partnerships, estates, trusts, etc.						
Number of returns.....	14,536,311	14,332,632	14,542,983	14,683,765	14,824,475	1.0
Amount.....	193,405,020	191,263,583	197,951,443	202,174,889	210,013,210	3.9
Farm net income less loss						
Number of returns.....	2,046,308	2,061,784	2,006,871	1,995,073	1,997,116	0.1
Amount.....	-4,896,405	-6,854,460	-8,121,610	-10,479,447	-8,786,571	16.2
Unemployment compensation in AGI						
Number of returns.....	6,775,723	6,478,292	8,799,885	10,334,639	10,065,230	-2.6
Amount.....	13,749,631	12,832,553	19,845,701	31,343,863	31,255,596	-0.3

Footnotes at end of table.

**Table A--Selected Income and Tax Items for Selected Years, 1999-2003, in Current and Constant 1990 Dollars--Continued<sup>1</sup>**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item .	Constant 1990 dollars <sup>5</sup>					Percent change, 2002 to 2003
	1999	2000	2001	2002	2003	
	(7)	(8)	(9)	(10)	(11)	(12)
Social security benefits (received)						
Number of returns.....	12,487,903	13,627,723	13,753,080	13,869,265	14,120,202	1.8
Amount.....	128,025,485	141,568,181	145,036,506	149,460,960	151,996,647	1.7
Taxable social security benefits in AGI						
Number of returns.....	9,459,189	10,608,572	10,779,279	10,702,502	10,975,002	2.5
Amount.....	58,885,471	68,257,983	69,047,500	67,921,144	69,437,643	2.2
Foreign earned income exclusion <sup>2</sup>						
Number of returns.....	314,486	358,391	292,006	316,931	306,393	-3.3
Amount.....	11,087,485	11,562,725	10,291,339	10,855,217	10,707,675	-1.4
Net operating loss <sup>2</sup>						
Number of returns.....	578,583	527,417	611,473	670,081	712,076	6.3
Amount.....	38,929,114	36,491,863	40,202,999	42,242,839	44,619,870	5.6
Other income, net gain less loss <sup>2</sup>						
Number of returns.....	5,160,532	5,815,404	5,610,987	5,467,631	5,703,893	4.3
Amount.....	17,944,925	19,248,982	14,397,762	13,881,504	15,120,190	8.9
Total income						
Number of returns.....	126,840,986	129,148,570	130,014,403	129,837,130	130,171,008	0.3
Amount.....	4,636,993,498	4,874,041,052	4,598,654,399	4,440,949,828	4,470,656,584	0.7
Educator expenses						
Number of returns.....	N/A	N/A	N/A	2,884,403	3,240,673	12.4
Amount.....	N/A	N/A	N/A	517,809	572,254	10.5
Total taxpayer IRA adjustment						
Number of returns.....	3,687,149	3,505,032	3,448,457	3,277,671	3,418,494	4.3
Amount.....	6,183,089	5,673,046	5,466,322	6,876,747	7,107,112	3.3
Student loan interest deduction						
Number of returns.....	4,136,505	4,477,986	4,405,667	6,640,784	6,953,370	4.7
Amount.....	1,768,260	2,002,634	2,001,279	3,386,298	3,131,972	-7.5
Tuition and fees deduction						
Number of returns.....	N/A	N/A	N/A	3,444,941	3,571,154	3.7
Amount.....	N/A	N/A	N/A	4,472,489	4,746,897	6.1
Archer medical savings account deduction						
Number of returns.....	50,393	65,415	69,957	61,118	67,347	10.2
Amount.....	64,296	91,297	90,993	88,141	91,771	4.1
Moving expenses						
Number of returns.....	986,313	956,586	944,791	947,470	1,023,888	8.1
Amount.....	1,749,776	1,622,005	1,609,277	1,610,023	1,732,837	7.6
One-half of self-employment tax						
Number of returns.....	14,029,609	14,300,140	14,574,036	14,664,473	15,373,279	4.8
Amount.....	13,089,922	13,196,485	13,383,734	13,580,786	14,056,310	3.5
Self-employed health insurance						
Number of returns.....	3,491,539	3,564,624	3,559,792	3,571,152	3,802,277	6.5
Amount.....	5,298,095	5,742,942	6,034,979	7,626,633	11,686,229	53.2
Keogh retirement plan						
Number of returns.....	1,264,007	1,287,706	1,290,496	1,186,947	1,208,801	1.8
Amount.....	9,355,484	9,465,399	9,678,533	11,882,077	12,639,174	6.4
Penalty on early withdrawal of savings						
Number of returns.....	805,367	863,436	890,649	804,926	736,121	-8.5
Amount.....	185,188	217,380	145,781	140,080	106,686	-23.8
Alimony paid adjustment						
Number of returns.....	610,609	656,724	656,635	587,219	587,368	(Z)
Amount.....	5,684,642	5,660,215	5,514,921	5,220,583	5,341,147	2.3
Foreign housing deductions						
Number of returns.....	5,782	4,411	4,122	2,074	1,491	-28.1
Amount.....	60,842	32,170	67,951	39,690	36,765	-7.4
Other adjustments						
Number of returns.....	198,438	170,106	183,906	208,348	272,647	30.9
Amount.....	1,030,053	764,953	709,379	773,347	933,441	20.7
Total statutory adjustments						
Number of returns.....	22,659,973	23,197,425	23,497,092	28,911,078	30,382,069	5.1
Amount.....	44,469,647	44,468,527	44,703,150	56,076,622	62,198,634	10.9
Adjusted gross income or loss (AGI)						
Amount.....	4,592,523,850	4,829,572,571	4,553,951,249	4,384,873,206	4,408,457,950	0.5

Footnotes at end of table.

**Table A--Selected Income and Tax Items for Selected Years, 1999-2003, in Current and Constant 1990 Dollars--Continued<sup>1</sup>**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Constant 1990 dollars <sup>2</sup>					Percent change, 2002 to 2003
	1999	2000	2001	2002	2003	
	(7)	(8)	(9)	(10)	(11)	(12)
<b>Total itemized deductions</b>						
Number of returns.....	40,244,305	42,534,320	44,562,307	45,647,551	43,949,591	-3.7
Amount.....	581,472,037	623,945,759	652,788,384	652,650,669	640,529,001	-1.9
<b>Total standard deduction</b>						
Number of returns.....	85,755,366	85,670,504	84,238,232	82,655,191	84,643,281	2.4
Amount.....	363,890,581	357,223,734	355,651,359	357,607,218	394,730,151	10.4
<b>Basic standard deduction</b>						
Number of returns.....	85,755,366	85,670,504	84,238,232	82,655,191	84,643,281	2.4
Amount.....	352,702,888	346,043,159	344,628,068	346,780,556	383,466,683	10.6
<b>Additional standard deduction</b>						
Number of returns.....	11,200,024	11,330,554	11,116,629	10,857,098	11,200,647	3.2
Amount.....	11,187,693	11,180,575	11,023,291	10,826,662	11,263,468	4.0
<b>AGI less deductions</b>						
Number of returns.....	113,863,898	116,391,403	115,862,109	114,976,167	114,402,877	-0.5
Amount.....	3,710,092,052	3,913,370,860	3,623,859,267	3,459,946,100	3,461,494,423	(Z)
<b>Number of exemptions.....</b>	248,657,119	252,332,427	256,186,046	258,716,374	261,126,373	0.9
<b>Exemption amount.....</b>	524,895,151	523,603,546	536,940,952	553,372,406	554,904,167	0.3
<b>Taxable income</b>						
Number of returns.....	102,845,571	105,259,292	104,174,655	102,275,969	101,392,812	-0.9
Amount.....	3,244,015,462	3,447,831,885	3,150,189,244	2,976,836,956	2,983,109,687	0.2
<b>Tax from table, rate schedules, etc.</b>						
Number of returns.....	102,831,402	105,254,144	104,163,693	102,266,930	101,386,201	-0.9
Amount.....	710,859,415	765,270,243	683,868,872	603,080,757	554,201,549	-8.1
<b>Additional taxes</b>						
Number of returns.....	36,960	23,487	25,334	13,291	21,370	60.8
Amount.....	365,491	95,997	146,862	111,602	157,733	41.3
<b>Alternative minimum tax</b>						
Number of returns.....	1,018,063	1,304,198	1,120,047	1,910,789	2,357,975	23.4
Amount.....	5,080,547	7,284,401	4,986,498	4,981,033	6,725,712	35.0
<b>Income tax before credits</b>						
Number of returns.....	102,834,362	105,277,966	104,195,834	102,293,722	101,412,777	-0.9
Amount.....	711,224,906	772,548,519	688,979,686	608,170,580	561,083,722	-7.7
<b>Foreign tax credit</b>						
Number of returns.....	3,266,544	3,935,699	3,942,604	3,748,974	4,145,174	10.6
Amount.....	3,875,302	4,545,038	4,615,911	4,312,209	4,123,263	-4.4
<b>Child care credit</b>						
Number of returns.....	6,182,193	6,368,101	6,184,508	6,185,855	6,313,297	2.1
Amount.....	2,098,155	2,119,772	2,008,163	1,966,961	2,277,621	15.8
<b>Credit for elderly or disabled</b>						
Number of returns.....	181,813	155,796	139,097	133,538	123,147	-7.8
Amount.....	26,376	24,741	22,506	15,348	14,387	-6.3
<b>Education credits</b>						
Number of returns.....	6,436,654	6,815,316	7,212,554	6,544,536	7,298,227	11.5
Amount.....	3,743,093	3,680,712	3,805,354	3,642,983	4,149,879	13.9
<b>Retirement savings contributions credit</b>						
Number of returns.....	N/A	N/A	N/A	5,307,176	5,296,688	-0.2
Amount.....	N/A	N/A	N/A	769,055	734,655	-4.5
<b>Child tax credit</b>						
Number of returns.....	26,016,019	26,404,521	26,452,875	25,939,801	25,672,254	-1.0
Amount.....	15,214,608	14,938,816	16,551,461	15,639,732	16,184,677	3.5
<b>Adoption credit</b>						
Number of returns.....	47,349	42,681	47,737	55,905	63,980	14.4
Amount.....	80,797	69,701	65,521	170,137	247,722	45.6
<b>General business credit</b>						
Number of returns.....	287,658	275,115	269,648	284,720	262,738	-7.7
Amount.....	614,839	579,858	526,918	545,680	435,188	-20.2
<b>Prior year minimum tax credit</b>						
Number of returns.....	166,010	199,554	248,255	193,776	250,605	29.3
Amount.....	781,538	976,981	1,061,285	709,592	650,950	-8.3
<b>Total credits <sup>3</sup></b>						
Number of returns.....	34,813,611	36,028,685	49,066,700	38,846,217	39,247,449	1.0
Amount.....	26,646,493	27,127,172	32,591,142	28,159,493	29,168,590	3.6
<b>Income tax less credits<sup>1</sup></b>						
Number of returns.....	97,752,068	100,163,625	97,389,985	93,565,243	91,109,363	-2.6
Amount.....	684,578,413	745,421,347	656,388,543	580,011,086	531,915,132	-8.3
<b>Self-employment tax</b>						
Number of returns.....	14,029,609	14,300,140	14,575,011	14,664,473	15,373,279	4.8
Amount.....	26,174,404	26,387,575	26,762,272	27,156,252	28,107,238	3.5
<b>Recapture taxes</b>						
Number of returns.....	12,243	14,144	11,686	14,684	15,797	7.6
Amount.....	169,176	226,754	211,789	85,714	62,457	-27.1

Footnotes at end of table.

**Table A--Selected Income and Tax Items for Selected Years, 1999-2003, in Current and Constant 1990 Dollars--Continued<sup>1</sup>**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Constant 1990 dollars <sup>2</sup>					Percent change, 2002 to 2003
	1999	2000	2001	2002	2003	
	(7)	(8)	(9)	(10)	(11)	(12)
Social security, Medicare tax on tip income not reported						
Number of returns.....	254,489	265,007	288,275	238,185	557,717	134.2
Amount.....	23,119	27,127	26,479	22,853	105,643	362.3
Tax on qualified retirement plans						
Number of returns.....	4,076,050	4,334,527	4,571,187	4,896,938	4,877,670	-0.4
Amount.....	2,411,627	2,590,813	2,405,886	2,542,200	2,420,412	-4.8
Advanced earned income credit payments						
Number of returns.....	171,629	174,967	135,554	156,376	142,694	-8.7
Amount.....	73,729	55,355	38,001	53,709	47,575	-11.4
Household employment taxes						
Number of returns.....	286,175	259,906	250,622	229,722	240,601	4.7
Amount.....	595,638	603,671	593,421	511,578	575,598	12.5
Total tax liability <sup>3,4</sup>						
Number of returns.....	102,194,476	104,685,747	102,557,013	99,559,612	97,875,142	-1.7
Amount.....	719,209,896	775,548,034	686,554,241	610,448,476	563,289,389	-7.7
Income tax withheld						
Number of returns.....	111,193,931	113,733,442	114,798,386	114,861,744	114,861,706	( Z )
Amount.....	545,511,357	579,591,341	570,720,215	521,433,331	499,828,469	-4.1
Estimated tax payments						
Number of returns.....	13,169,356	13,326,669	13,167,856	12,434,579	11,576,213	-6.9
Amount.....	154,443,879	168,150,146	162,506,061	144,024,415	129,905,477	-9.8
Earned income credit <sup>1</sup>						
Number of returns.....	19,260,339	19,277,225	19,593,121	21,703,187	22,024,227	1.5
Amount.....	25,022,024	24,504,059	24,631,713	27,760,590	27,455,303	-1.1
Additional child tax credit						
Number of returns.....	985,579	1,104,143	8,562,900	10,937,417	12,570,455	14.9
Amount.....	637,180	741,761	3,686,256	4,662,611	6,472,099	38.8
Payment with an extension request						
Number of returns.....	1,510,206	1,610,937	1,448,213	1,235,156	1,333,579	8.0
Amount.....	42,340,642	48,100,691	31,361,637	26,396,754	27,203,969	3.1
Excess social security tax withheld						
Number of returns.....	1,377,613	1,640,582	1,436,745	1,145,352	1,121,141	-2.1
Amount.....	1,343,254	1,657,700	1,413,542	1,136,975	1,112,508	-2.2
Other payments:						
Form 2439						
Number of returns.....	37,879	50,698	20,955	19,422	12,717	-34.5
Amount.....	118,998	302,767	65,424	27,399	87,808	220.5
Form 4136						
Number of returns.....	426,878	395,555	386,698	365,868	349,860	-4.4
Amount.....	74,533	68,724	80,415	73,735	58,348	-20.9
Form 8885 <sup>5</sup>						
Number of returns.....	N/A	N/A	N/A	5,322	17,834	235.1
Amount.....	N/A	N/A	N/A	1,430	23,092	1515.4
Total payments <sup>1</sup>						
Number of returns.....	119,809,259	122,243,874	123,451,338	123,462,930	123,461,513	( Z )
Amount.....	769,490,319	823,117,183	794,465,458	725,517,240	692,147,073	-4.6
Overpayment, total						
Number of returns.....	94,827,237	95,921,082	102,310,895	103,462,884	105,361,848	1.8
Amount.....	142,783,675	148,860,986	174,894,284	174,261,629	180,790,867	3.7
Overpayment refunded						
Number of returns.....	91,600,741	93,000,030	99,011,975	100,143,606	102,004,984	1.9
Amount.....	121,971,478	127,145,193	149,279,728	149,700,108	156,073,785	4.3
Refund credited to next year						
Number of returns.....	4,514,663	4,255,215	5,408,878	5,418,534	5,199,186	-4.0
Amount.....	20,812,197	21,715,793	25,614,855	24,561,521	24,717,082	0.6
Tax due at time of filing						
Number of returns.....	29,200,902	30,624,423	24,581,181	22,818,761	21,072,333	-7.7
Amount.....	93,405,107	102,385,707	67,771,931	59,802,124	52,373,159	-12.4
Tax penalty						
Number of returns.....	5,285,114	5,813,525	5,318,905	5,149,988	4,829,886	-6.2
Amount.....	901,855	1,093,869	782,524	609,259	439,975	-27.8

<sup>1</sup> All items correspond to the Form 1040 line items. Therefore, some may differ from the SOI items shown in the Basic Tables in Section 3.

N/A = Not applicable

<sup>2</sup> Line 21 on Form 1040 consists of other income minus foreign earned income exclusion and net operating loss.

( Z ) Less than .05 percent.

<sup>3</sup> Total credits includes the values for mortgage interest tax credit and "other credits" not tabulated here.

( X ) Percentage not computed.

<sup>4</sup> Total tax liability includes the values for "other taxes" not tabulated here.

<sup>5</sup> The data for 2002 cover only the health coverage credit for insurance premiums paid in December 2002.

<sup>6</sup> Inflation-adjusted data were calculated using the consumer price index from the Bureau of Labor Statistics; based on 1990=100 when 1990 CPI-U = 130.7; 2003 CPI-U = 184.0; 2002 CPI-U = 179.9; 2001 CPI-U = 177.1; 2000 CPI-U = 172.2; 1999 CPI-U = 166.6.

## Figure 1--General Filing Requirements

Marital Status	Filing Status	Age	Gross Income
Single (including divorced and legally separated)	Single	under 65	\$7,800
		65 or older	\$8,950
	Head of household	under 65	\$10,050
		65 or older	\$11,200
Married with a child and living apart from spouse during the last six months of 2003	Head of household	under 65	\$10,050
		65 or older	\$11,200
Married and living with spouse at the end of 2003 (or on the date spouse died)	Married, joint return	under 65 (both spouses)	\$15,600
		65 or older (one spouse)	\$16,550
		65 or older (both spouses)	\$17,500
	Married, separate return	any age	\$3,050
Married, not living with spouse at the end of 2003 (or on the date spouse died)	Married, joint or separate return	any age	\$3,050
	Single	under 65	\$7,800
		65 or older	\$8,950
Widowed in 2001 or 2002 and not remarried in 2003	Head of household	under 65	\$10,050
		65 or older	\$11,200
	Qualifying widow(er) with dependent child	under 65	\$12,550
		65 or older	\$13,500

### Requirements for Filing

The filing requirements for Tax Year 2003 were based on gross income, marital status, age, and, to a lesser extent, dependency and blindness. Gross income included all income received in the form of money, property, and services that was not expressly exempt from tax. Generally, a citizen or resident of the United States was required to file a tax return if gross income for the year was at least as much as the amount shown for the appropriate filing status in Figure 1. Figure 2 shows the filing requirements for taxpayers who could be claimed as a dependent by another person (such as a parent).

In addition to the general filing requirements, an individual was obligated to file a return for Tax Year 2003 if he or she:

1. Was liable for any of the following taxes:
  - Social security or Medicare tax on unreported tip income;
  - Uncollected social security, Medicare, or railroad retirement tax on reported tip income or group-term life insurance;
  - Alternative minimum tax;
  - Tax on an individual retirement arrangement (IRA) or a qualified retirement plan;
  - Tax from the recapture of investment credit or low-income housing credit;
  - Tax from medical savings accounts (MSA);



## Figure 2.-Filing Requirements for Children and Other Dependents

If someone (such as a parent) can claim the individual as a dependent, and any of the four conditions listed below applies, he or she must file a return.

In this chart unearned income includes taxable interest, ordinary dividends, and capital gain distributions. Earned income includes wages, tips, and taxable scholarship and fellowship grants. Gross income is the total of unearned and earned income.

**Caution:** If an individual's gross income was \$3,050 or more, he or she generally could not be claimed as a dependent unless the individual was under age 19 or under age 24 and a full-time student.

### 1. Single dependents under 65 must file a return if-

- Earned income was more than \$4,750, or
- Unearned income was over \$750, or
- Gross income was more than the larger of (a) \$750 or (b) earned income (up to \$4,500) plus \$250.

### 2. Single dependents 65 or older or blind must file a return if-

- Earned income was more than \$5,900 (\$7,050 if 65 or older and blind), or
- Unearned income was more than \$1,900 (\$3,050 if 65 or older and blind), or
- Gross income was more than the total of earned income (up to \$4,500) plus \$250 or \$750, whichever is larger; plus \$1,150 (\$2,300 if 65 or older and blind).

### 3. Married dependents under 65 must file a return if-

- Gross income was at least \$5 and spouse files a separate return on Form 1040 and itemizes deductions.
- Earned income was more than \$4,750, or
- Unearned income was over \$750, or
- Gross income was more than the larger of \$750 or earned income (up to \$4,500) plus \$250.

### 4. Married dependents 65 or older or blind must file a return if-

- Earned income was more than \$5,700 (\$6,650 if 65 or older and blind), or
- Unearned was more than \$1,700 (\$2,650 if 65 or older and blind), or
- Gross income was more than the total of earned income (up to \$4,500) plus \$250 or \$750, whichever is larger, plus \$950 (\$1,900 if 65 or older and blind).
- Gross income was at least \$5 and spouse files a separate return on Form 1040 and itemizes deductions.

2. Received any advanced earned income credit (AEIC) payments.
3. Had net earnings from self-employment of at least \$400; or
4. Had wages of \$108.28 or more from a church or qualified church-controlled organization that was exempt from employer social security and Medicare taxes.

Data shown in this report include individuals who were not required to file tax returns, but did so for any of a number of reasons. For example, an individual might have filed a return to obtain a refund of tax withheld, or take advantage of the earned income credit.

## Changes in Law or Administrative Procedures

Major changes in effect for Tax Year 2003 that influenced the Statistics of Income data are listed below. Section 4, Explanation of Terms, provides more detailed explanations and definitions of the terms used in this report.

### Alternative Minimum Tax

The Alternative Minimum Tax (AMT) exemption amount increased to \$40,250 for single and head of household filers, \$58,000 for married couples filing jointly, and \$29,000 for married couples filing separately. This was an increase of \$9,000 for married filing jointly taxpayers and surviving spouses, and \$4,500 for single taxpayers and married couples filing separately from the 2002 amounts.

### Capital Gain and Dividend Rates

For capital gains after May 5, 2003, the 8- and 10- percent capital gain rates were reduced to 5 percent. The 20 percent rate was reduced to 15 percent. In addition the 8 percent capital gain rate for qualified 5-year gain did not apply to any gain after May 5, 2003.

New rates were applied to qualified dividends. The maximum tax rate for qualified dividends was 15 percent (generally 5 percent for taxpayers in the 10 and 15 percent tax brackets). Qualified dividends were ordinary dividends that met certain criteria. Some of the criteria were: the dividend must have been paid by a U.S. corporation or a "qualified" foreign corporation; the stock ownership must have met certain holding period requirements; the dividends were not from certain institutions, such as mutual savings banks, cooperative banks, credit unions, tax-exempt organizations, or farmer cooperatives; and the dividends were not for any share of stock which was part of an employee stock ownership plan (ESOP).

### Child and Dependent Care Credit

For 2003, the maximum credit increased to \$1,050 for one qualifying individual and \$2,100 for two or more qualifying individuals from \$800

and \$1,600 in 2002. Also, the limit on qualifying expenses increased to \$3,000 for one qualifying individual and \$6,000 for two or more individuals (\$2,400 and \$4,800 in 2002). The credit can be as much as 35 percent (previously 30 percent) of a taxpayer's qualified expenses.

### Child Tax Credit

The child tax credit increased to \$1,000 in 2003 from \$600 in 2002. In 2003, up to \$400 per eligible child may have been given in advance to taxpayers based on the age of eligible children and the taxpayer's 2002 tax return (these data were not included in the statistics). The taxpayer's 2003 child tax credit was reduced by any advance child tax credit payment.

### Earned Income Credit

The maximum amount of the earned income credit increased, as did the amounts of earned income and investment income an individual could have and still claim the credit. The maximum amount of investment income (interest, dividends and capital gain income) a taxpayer could have and still claim the credit increased to \$2,600 from \$2,550. The maximum credit for taxpayers with no qualifying children increased to \$382 from \$376. For these taxpayers, earned income and AGI had to be less than \$11,230 (\$12,230 if married filing jointly). For taxpayers with one qualifying child, the maximum credit increased \$41 to \$2,547 and, for taxpayers with two or more qualifying children, the maximum credit increased to \$4,204 from \$4,140. To be eligible for the credit, a taxpayer's earned income and AGI had to be less than \$29,666 (\$30,666 for married filing jointly) for one qualifying child, or less than \$33,692 (\$34,692 for married filing jointly) for two or more qualifying children.

### Exemption Amount

Indexing for inflation increased to \$3,050 the deduction for each exemption to which the taxpayer was entitled for 2003, an increase over the \$3,000 allowed for 2002. The AGI threshold for the limitation of exemption amounts was also

indexed for inflation, increasing from \$137,300 to \$139,500 for single filers; \$206,000 to \$209,250 for married persons filing jointly and surviving spouses; \$171,650 to \$174,400 for heads of household; and \$103,000 to \$104,625 for married persons filing separately. The phase-out of the deduction for exemptions was completed at AGI levels above \$262,000 for single filers; \$331,750 for married persons filing jointly and surviving spouses; \$296,900 for heads of household; and \$165,875 for married persons filing separately. Above these levels, no deduction for exemptions was allowed.

### Health Coverage Credit

Eligible taxpayers not covered under any employer-sponsored health plan were able to take the credit. The credit was equal to 65 percent of the amount the taxpayer paid for qualified health insurance. In 2002, the credit was only available for amount of health insurance paid in December of 2002. For 2003, the credit was available for the whole year.

### Individual Retirement Arrangement Deduction

For 2003, a taxpayer (both taxpayers for taxpayers filing jointly), was able to take an IRA deduction up to \$3,000 (\$3,500 if age 50 or older) if not covered by a retirement plan, or if covered by a retirement plan but their modified AGI was less than \$50,000 (\$70,000 if married filing jointly or qualifying widow(er)). This was up from \$44,000 (\$64,000 if married filing jointly or qualifying widow(er)) for 2002.

### Itemized Deductions

If a taxpayer's AGI was greater than \$139,500 (\$69,750 if married filing separately), his or her itemized deductions may have been limited; the threshold was increased from \$137,300 (\$68,650) for 2002, as a result of inflation indexing. The limitation did not apply to deductions for medical and dental expenses, investment interest expenses, casualty or theft losses, and gambling losses; all other deductions were subject to the limitation. To arrive at

allowable itemized deductions, total itemized deductions were reduced by the smaller of: (a) 80 percent of the non-exempt deductions, or (b) 3 percent of the amount of AGI in excess of the limitation threshold.

### Lifetime Learning Credit

The amount of qualified tuition and related expenses a taxpayer took into account for the lifetime learning credit increased from \$5,000 in 2002 to \$10,000 in 2003. The credit equaled 20 percent of these qualified expenses, with a maximum credit of \$2,000 (\$1,000 in 2002).

### Section 179 Deduction

The maximum section 179 deduction (full expensing of certain depreciable property) that could be elected for property placed in service in 2003 increased from \$24,000 to \$100,000 for qualified section 179 property (\$135,000 for qualified zone property, qualified renewal property, or qualified New York Liberty Zone property). This limit was reduced by the amount by which the cost of section 179 property placed in service during the tax year exceeded \$400,000 (increased from \$200,000).

### Self-employed Health Insurance Deduction

A self-employed taxpayer was able to deduct up to 100 percent of health insurance expenses for 2003 up from 70 percent for 2002.

### Self-employment Tax

The ceiling on taxable "self-employment income" was raised, for 2003, to \$87,000 for the social security portion (12.4 percent) of the self-employment tax. The limit was \$84,900 for 2002.

### Standard Deduction

For married persons filing jointly or surviving spouses, the standard deduction was increased beyond just general indexing for inflation in 2003, from \$7,850 to \$9,500 (the amount is now twice that for single filers). For

### Figure 3.-Calculation of the 1979 Income Concept for 2003

#### 1979 Total Income Concept=

##### Income or Loss:

- Salaries and wages <sup>1</sup>
- Interest <sup>1</sup>
- Dividends <sup>1</sup>
- Taxable refunds <sup>1</sup>
- Alimony received <sup>1</sup>
- Sales of capital assets, net gain or loss <sup>1</sup>
- Other gains and losses (Form 4797) <sup>1</sup>
- Business net income or loss <sup>1</sup>
- Farm net income or loss <sup>1</sup>
- Rent net income or loss <sup>1</sup>
- Royalty net income or loss <sup>1</sup>
- Partnership net income or loss <sup>1</sup>
- S Corporation net income or loss <sup>1</sup>
- Farm rental net income or loss <sup>1</sup>
- Estate or trust net income or loss <sup>1</sup>
- Unemployment compensation <sup>1</sup>
- Depreciation in excess of straight-line depreciation <sup>2</sup>
- Total pension income <sup>3,5</sup>
- Other net income or loss <sup>4</sup>
- Net operating loss <sup>1</sup>

##### Deductions:

- Disallowed passive losses (Form 8582) <sup>6</sup>
- Moving expenses <sup>1</sup>
- Alimony paid <sup>1</sup>
- Unreimbursed business expenses <sup>6</sup>

<sup>1</sup> Included in adjusted gross income (less deficit) (AGI) for Tax Year 2003.

<sup>2</sup> Adjustment to add back excess depreciation (accelerated over straight-line depreciation) deducted in the course of a trade or business and included in net income (loss) amounts shown above.

<sup>3</sup> Includes taxable and tax-exempt pension and retirement distributions, including IRA distributions.

<sup>4</sup> Includes an adjustment to add back amounts reported for the foreign-earned income exclusion.<sup>4</sup>

<sup>5</sup> Not fully included in AGI for Tax Year 2003.

<sup>6</sup> Not included in AGI for Tax Year 2003.

other filers, the standard deduction was increased as a result of indexing for inflation. For single filers, the standard deduction rose from \$4,700 to \$4,750; for married persons filing separately, from \$3,925 to \$4,750; and for heads of household, from \$6,900 to \$7,000. The amount of standard deduction for a dependent was the greater of \$750 or the dependent's earned income plus \$250 (but not more than the regular standard deduction amount). Taxpayers who were age 65 or over or blind could claim an additional standard deduction amount of \$950 or \$1,150 depending on marital status.

### Tax Rate Reductions

The 10 percent regular income tax bracket was expanded \$2,000 for married filing joint returns (\$1,000 for single or married filing separately). The 15 percent tax bracket was also expanded for joint returns. Beginning in 2003, the 15 percent tax bracket for married filing joint returns was twice the upper end of the 15 percent income tax rate bracket for single returns. Also for Tax Year 2003, there was a reduction of the former tax rates of 27.0 percent, 30.0 percent, 35.0 percent and 38.6 percent to 25.0 percent, 28.0 percent, 33.0 percent, and 35.0 percent, respectively.

### The 1979 Income Concept: A Retrospective Income Definition

In order to analyze changes in income and taxes over a period of years, a consistent definition of income must be used. The income concept available from Federal income tax returns, AGI, was designed to facilitate tax administration, and its definition has changed over time to reflect modifications to the Internal Revenue Code. Tax laws of the 1980's (the Economic Recovery Tax Act of 1981, the Tax Equity and Fiscal Responsibility Act of 1982, the Tax Reform Act of 1984, and the Tax Reform Act of 1986) made significant changes to the components of AGI, which made it more difficult to use AGI for accurate comparisons of income from year to year. For this reason, it was decided to develop an income definition

**Table B--All Returns: Selected Income and Tax Items, by Size of Adjusted Gross Income and by 1979 Income Concept, 2003**

[All figures are estimates based on samples--money amounts are in millions of dollars]

Size of income	Income				Salaries and wages			
	2003 Adjusted Gross Income		1979 Income Concept		2003 Adjusted Gross Income		1979 Income Concept	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All returns, total.....	130,423,626	6,207,109	130,423,626	6,346,203	110,890,993	4,649,900	110,890,993	4,649,900
Under \$10,000.....	26,014,877	43,739	25,409,210	39,098	19,662,374	113,666	19,420,339	109,144
\$10,000 under \$20,000.....	23,295,971	346,619	23,306,689	347,182	18,468,641	255,561	18,521,185	257,708
\$20,000 under \$30,000.....	18,372,903	455,093	19,254,068	477,539	15,958,288	371,852	16,357,516	382,664
\$30,000 under \$40,000.....	13,957,257	484,775	14,425,830	500,714	12,430,251	400,770	12,630,435	409,222
\$40,000 under \$50,000.....	10,452,444	467,519	10,380,075	464,810	9,363,199	383,634	9,368,719	386,851
\$50,000 under \$60,000.....	8,194,007	449,443	7,984,404	437,600	7,434,802	366,899	7,239,529	359,842
\$60,000 under \$70,000.....	6,367,623	412,581	6,139,677	397,877	5,809,187	336,623	5,677,957	333,163
\$70,000 under \$80,000.....	5,269,819	394,232	5,024,645	375,863	4,807,846	319,781	4,688,706	317,441
\$80,000 under \$90,000.....	4,101,939	347,863	3,752,652	318,153	3,795,154	285,516	3,531,693	268,798
\$90,000 under \$100,000.....	2,981,704	282,515	2,865,148	271,204	2,783,303	232,546	2,673,772	225,364
\$100,000 under \$125,000.....	4,490,665	499,091	4,385,165	487,254	4,167,732	403,987	4,089,141	393,064
\$125,000 under \$150,000.....	2,303,585	314,793	2,382,601	325,384	2,109,818	246,783	2,196,890	251,796
\$150,000 under \$175,000.....	1,285,299	207,323	1,351,964	218,020	1,174,667	155,871	1,228,358	155,671
\$175,000 under \$200,000.....	799,095	148,972	853,455	159,150	729,740	109,509	771,288	110,057
\$200,000 under \$300,000.....	1,284,427	308,129	1,420,597	341,381	1,125,905	206,325	1,233,638	208,493
\$300,000 under \$400,000.....	487,025	167,039	572,105	196,570	422,272	103,082	493,183	107,828
\$400,000 under \$500,000.....	227,564	101,141	281,536	125,008	195,779	59,026	237,024	63,339
\$500,000 under \$1,000,000.....	356,140	241,211	427,431	287,614	301,914	125,161	362,415	132,411
\$1,000,000 under \$1,500,000.....	81,695	98,875	97,498	117,498	67,026	42,557	80,290	44,597
\$1,500,000 under \$2,000,000.....	34,016	58,498	38,139	65,614	28,236	23,148	30,498	23,478
\$2,000,000 under \$5,000,000.....	48,278	142,220	53,215	155,777	40,191	50,955	43,570	52,015
\$5,000,000 under \$10,000,000.....	11,168	76,311	11,351	77,524	9,506	24,088	9,651	24,361
\$10,000,000 and over.....	6,126	159,126	6,168	159,370	5,163	32,559	5,195	32,593
Size of income	Taxable interest received				Ordinary dividends		Ordinary dividends received	
	2003 Adjusted Gross Income		1979 Income Concept		2003 Adjusted Gross Income		1979 Income Concept	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
All returns, total.....	59,459,344	127,160	59,459,344	127,160	30,475,097	115,141	30,475,097	115,141
Under \$10,000.....	7,155,075	9,546	6,794,875	9,572	3,676,515	5,315	3,481,534	5,320
\$10,000 under \$20,000.....	6,746,101	10,013	6,583,778	9,847	3,143,442	5,169	3,037,660	5,259
\$20,000 under \$30,000.....	5,886,817	8,349	6,464,652	9,926	2,539,374	4,615	2,882,340	5,772
\$30,000 under \$40,000.....	5,845,710	7,113	6,283,794	8,362	2,424,785	4,175	2,653,765	5,175
\$40,000 under \$50,000.....	5,364,288	6,548	5,336,413	6,705	2,401,322	4,593	2,349,215	4,945
\$50,000 under \$60,000.....	4,878,912	5,724	4,789,337	7,037	2,248,221	4,589	2,271,579	4,731
\$60,000 under \$70,000.....	4,285,484	5,583	4,116,786	4,527	2,007,681	3,982	1,878,516	3,845
\$70,000 under \$80,000.....	3,787,886	5,885	3,562,507	4,946	1,925,421	4,430	1,763,647	3,740
\$80,000 under \$90,000.....	3,102,121	4,185	2,773,502	3,680	1,651,112	3,958	1,483,250	3,632
\$90,000 under \$100,000.....	2,308,422	3,829	2,255,091	3,724	1,342,087	2,868	1,268,392	3,240
\$100,000 under \$125,000.....	3,780,633	7,114	3,659,868	5,680	2,321,166	7,374	2,205,357	5,878
\$125,000 under \$150,000.....	2,007,317	5,288	2,086,281	4,898	1,354,216	5,276	1,400,348	4,861
\$150,000 under \$175,000.....	1,148,100	3,442	1,200,974	3,486	836,196	3,752	884,042	3,596
\$175,000 under \$200,000.....	737,114	2,667	784,058	2,639	563,540	3,102	602,959	3,031
\$200,000 under \$300,000.....	1,210,388	6,532	1,332,163	6,603	963,016	7,707	1,051,732	7,622
\$300,000 under \$400,000.....	466,485	3,690	545,569	3,719	394,037	4,843	457,637	4,721
\$400,000 under \$500,000.....	220,655	2,669	271,026	2,666	198,255	3,295	242,141	3,364
\$500,000 under \$1,000,000.....	348,508	6,933	416,511	7,070	315,791	8,824	369,108	8,997
\$1,000,000 under \$1,500,000.....	80,475	3,447	94,086	3,478	75,085	3,964	89,208	4,054
\$1,500,000 under \$2,000,000.....	33,729	2,091	37,836	2,133	31,650	2,544	35,492	2,549
\$2,000,000 under \$5,000,000.....	47,910	5,389	52,799	5,423	45,414	6,810	50,187	6,891
\$5,000,000 under \$10,000,000.....	11,109	3,149	11,292	3,151	10,791	3,907	10,967	3,894
\$10,000,000 and over.....	6,105	7,975	6,146	7,891	5,978	10,049	6,022	10,023

Footnotes at end of table

**Table B--All Returns: Selected Income and Tax Items, by Size of Adjusted Gross Income and by 1979 Income Concept, 2003--Continued**

[All figures are estimates based on samples--money amounts are in millions of dollars]

Size of income	Business or profession net income less loss				Sales of capital assets			
	2003 Adjusted Gross Income		1979 Income Concept		2003 Adjusted Gross Income		1979 Income Concept	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
<b>All returns, total.....</b>	<b>19,415,648</b>	<b>229,655</b>	<b>19,415,648</b>	<b>229,655</b>	<b>22,985,058</b>	<b>294,354</b>	<b>22,985,058</b>	<b>294,354</b>
Under \$10,000.....	3,679,177	5,714	3,410,940	3,172	2,992,744	4,038	2,863,263	4,534
\$10,000 under \$20,000.....	3,033,650	22,462	2,955,225	19,347	2,156,118	318	2,097,824	260
\$20,000 under \$30,000.....	2,179,392	16,328	2,303,568	15,391	1,777,325	1,041	1,989,997	1,240
\$30,000 under \$40,000.....	1,775,019	14,658	1,825,249	13,792	1,689,877	1,102	1,838,517	1,663
\$40,000 under \$50,000.....	1,550,603	12,147	1,595,866	11,159	1,732,507	1,391	1,735,135	1,735
\$50,000 under \$60,000.....	1,349,006	12,019	1,351,214	12,590	1,584,031	2,196	1,550,413	2,935
\$60,000 under \$70,000.....	1,067,390	10,373	1,068,838	10,686	1,394,538	2,534	1,372,726	3,304
\$70,000 under \$80,000.....	955,715	11,073	952,105	9,424	1,459,073	3,411	1,295,887	2,679
\$80,000 under \$90,000.....	749,445	10,460	681,363	8,169	1,215,883	3,092	1,077,646	3,068
\$90,000 under \$100,000.....	548,995	8,031	558,276	7,861	957,178	3,474	916,024	3,487
\$100,000 under \$125,000.....	880,987	17,623	892,390	18,722	1,774,127	8,446	1,667,028	7,283
\$125,000 under \$150,000.....	475,489	12,631	509,530	13,057	1,100,061	8,445	1,157,760	8,410
\$150,000 under \$175,000.....	297,236	11,940	312,284	12,198	714,027	7,711	732,092	7,003
\$175,000 under \$200,000.....	193,821	8,405	214,889	8,829	481,726	6,204	518,550	6,219
\$200,000 under \$300,000.....	353,435	20,482	396,114	23,758	906,769	20,496	965,056	20,095
\$300,000 under \$400,000.....	130,348	10,552	152,059	12,379	379,118	15,101	428,536	14,189
\$400,000 under \$500,000.....	61,692	5,778	77,313	7,141	188,346	11,038	227,064	11,257
\$500,000 under \$1,000,000.....	90,054	10,456	108,888	12,510	311,514	32,172	360,023	32,244
\$1,000,000 under \$1,500,000.....	19,985	3,113	23,273	3,645	75,404	17,930	88,115	17,901
\$1,500,000 under \$2,000,000.....	8,020	1,263	8,876	1,484	31,862	11,760	35,659	11,906
\$2,000,000 under \$5,000,000.....	11,733	2,433	12,876	2,594	46,026	35,150	50,721	35,676
\$5,000,000 under \$10,000,000.....	2,818	953	2,860	968	10,803	23,075	10,983	23,078
\$10,000,000 and over.....	1,636	761	1,653	777	6,001	74,231	6,043	74,189

Size of income	Rents, royalties, and farm rental net income less loss				Partnership and S corporation net income less loss			
	2003 Adjusted Gross Income		1979 Income Concept		2003 Adjusted Gross Income		1979 Income Concept	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)
<b>All returns, total.....</b>	<b>9,563,619</b>	<b>29,227</b>	<b>9,563,619</b>	<b>29,227</b>	<b>7,006,580</b>	<b>254,057</b>	<b>7,006,580</b>	<b>254,057</b>
Under \$10,000.....	1,002,314	-1,343	952,503	-1,401	693,853	-33,373	668,595	-33,438
\$10,000 under \$20,000.....	1,040,687	845	1,000,884	670	450,889	26	428,549	-62
\$20,000 under \$30,000.....	908,890	588	999,082	940	477,372	742	492,641	755
\$30,000 under \$40,000.....	894,354	110	953,452	264	441,755	1,466	468,864	1,252
\$40,000 under \$50,000.....	813,091	-319	850,608	291	459,196	2,192	464,087	1,934
\$50,000 under \$60,000.....	764,870	60	740,302	4	458,878	3,335	464,315	3,074
\$60,000 under \$70,000.....	652,414	722	645,057	695	417,499	3,447	386,078	3,236
\$70,000 under \$80,000.....	623,797	136	572,508	87	385,628	2,981	361,857	2,906
\$80,000 under \$90,000.....	473,280	928	420,467	657	320,791	3,023	304,348	3,324
\$90,000 under \$100,000.....	382,613	725	376,549	920	270,902	3,120	269,629	2,806
\$100,000 under \$125,000.....	689,184	2,171	660,346	1,443	592,459	10,347	575,873	9,572
\$125,000 under \$150,000.....	391,106	1,399	383,414	1,987	387,744	9,003	396,674	8,572
\$150,000 under \$175,000.....	190,123	1,903	207,586	1,791	271,733	8,945	275,049	7,825
\$175,000 under \$200,000.....	130,170	1,345	131,476	909	198,206	7,336	207,946	7,440
\$200,000 under \$300,000.....	252,700	4,606	275,595	4,683	461,912	27,509	469,222	25,727
\$300,000 under \$400,000.....	119,660	2,520	132,427	2,264	233,698	22,535	243,273	22,439
\$400,000 under \$500,000.....	61,442	1,607	70,638	1,768	122,699	15,513	139,591	16,755
\$500,000 under \$1,000,000.....	108,221	4,476	118,225	4,429	224,172	46,740	242,605	48,698
\$1,000,000 under \$1,500,000.....	27,486	1,808	33,268	1,862	58,247	23,284	63,444	24,035
\$1,500,000 under \$2,000,000.....	11,715	929	12,448	941	25,978	15,057	27,779	15,482
\$2,000,000 under \$5,000,000.....	18,096	2,107	19,295	2,120	38,224	35,145	41,266	35,864
\$5,000,000 under \$10,000,000.....	4,559	911	4,637	900	9,303	17,944	9,427	17,985
\$10,000,000 and over.....	2,848	992	2,854	1,004	5,442	27,739	5,467	27,876

Footnotes at end of table

**Table B--All Returns: Selected Income and Tax Items, by Size of Adjusted Gross Income and by 1979 Income Concept, 2003--Continued**

[All figures are estimates based on samples--money amounts are in millions of dollars]

Size of income	Nondeductible passive losses				Estate and trust net income less loss			
	2003 Adjusted Gross Income		1979 Income Concept		2003 Adjusted Gross Income		1979 Income Concept	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(33)	(34)	(35)	(36)	(37)	(38)	(39)	(40)
All returns, total.....	1,390,661	17,722	1,390,661	17,722	532,533	12,415	532,533	12,415
Under \$10,000.....	126,912	2,715	151,682	6,627	62,622	-70	63,371	-82
\$10,000 under \$20,000.....	48,402	497	53,650	285	38,253	181	37,154	191
\$20,000 under \$30,000.....	70,584	474	77,067	300	45,731	237	56,227	256
\$30,000 under \$40,000.....	73,668	343	69,034	214	35,810	210	46,948	297
\$40,000 under \$50,000.....	54,804	251	63,284	228	37,951	271	37,434	254
\$50,000 under \$60,000.....	69,552	513	58,740	358	35,302	207	23,229	190
\$60,000 under \$70,000.....	44,957	375	47,505	322	18,686	207	22,533	267
\$70,000 under \$80,000.....	57,462	379	58,539	297	27,497	230	27,165	184
\$80,000 under \$90,000.....	55,870	281	37,798	267	30,992	227	18,770	80
\$90,000 under \$100,000.....	41,817	433	40,514	237	20,505	183	21,658	305
\$100,000 under \$125,000.....	96,940	799	103,256	611	40,853	718	38,524	641
\$125,000 under \$150,000.....	109,425	1,442	103,318	836	34,317	346	33,855	430
\$150,000 under \$175,000.....	105,352	810	101,302	794	15,901	437	13,538	374
\$175,000 under \$200,000.....	90,047	724	76,872	651	10,986	289	10,860	309
\$200,000 under \$300,000.....	150,361	1,902	142,811	1,287	26,762	954	27,825	820
\$300,000 under \$400,000.....	65,960	941	68,159	733	15,208	608	15,499	661
\$400,000 under \$500,000.....	36,236	638	35,598	404	6,527	235	6,842	239
\$500,000 under \$1,000,000.....	56,246	1,194	63,803	983	15,421	1,715	16,911	1,743
\$1,000,000 under \$1,500,000.....	14,378	477	15,338	432	4,804	702	5,395	740
\$1,500,000 under \$2,000,000.....	6,665	295	6,759	225	2,147	423	2,387	436
\$2,000,000 under \$5,000,000.....	10,499	843	11,138	598	4,069	1,481	4,227	1,443
\$5,000,000 under \$10,000,000.....	2,799	477	2,794	323	1,217	890	1,219	899
\$10,000,000 and over.....	1,725	919	1,701	707	963	1,734	962	1,740

Size of income	Pensions and annuities in AGI <sup>1</sup>		Pensions and annuities <sup>1</sup>		Total statutory adjustments			
	2003 Adjusted Gross Income		1979 Income Concept		2003 Adjusted Gross Income		1979 Income Concept	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(41)	(42)	(43)	(44)	(45)	(46)	(47)	(48)
All returns, total.....	26,403,205	461,267	28,568,799	686,369	30,382,069	87,576	16,138,939	73,170
Under \$10,000.....	2,667,611	13,733	2,528,340	14,016	3,904,160	4,735	316,491	2,464
\$10,000 under \$20,000.....	4,816,499	46,778	4,806,823	47,302	3,964,781	5,700	804,914	4,164
\$20,000 under \$30,000.....	3,452,109	44,925	4,113,173	57,747	3,454,250	6,031	1,444,259	7,182
\$30,000 under \$40,000.....	2,833,054	44,788	3,373,648	59,436	3,094,410	5,946	1,749,679	7,402
\$40,000 under \$50,000.....	2,512,012	43,952	2,635,411	50,945	2,868,710	5,973	1,776,119	7,525
\$50,000 under \$60,000.....	2,129,015	40,439	2,160,124	46,258	2,450,786	5,344	1,700,367	6,040
\$60,000 under \$70,000.....	1,640,440	35,879	1,579,850	37,125	1,862,265	4,364	1,550,065	5,623
\$70,000 under \$80,000.....	1,450,210	34,964	1,393,532	35,141	1,649,762	4,449	1,475,091	5,479
\$80,000 under \$90,000.....	1,170,894	28,873	1,122,127	27,646	1,442,754	4,317	1,117,828	4,438
\$90,000 under \$100,000.....	819,328	22,223	852,166	23,733	1,155,206	3,659	886,026	3,256
\$100,000 under \$125,000.....	1,189,644	34,185	1,340,926	44,851	1,928,719	7,660	1,396,326	5,674
\$125,000 under \$150,000.....	599,709	21,955	767,838	31,726	807,674	4,491	695,387	3,438
\$150,000 under \$175,000.....	330,321	12,248	476,627	26,641	424,520	3,450	369,442	2,124
\$175,000 under \$200,000.....	218,040	9,246	333,537	19,840	282,236	2,707	245,230	1,561
\$200,000 under \$300,000.....	301,359	13,608	511,152	43,067	498,919	6,879	345,594	2,660
\$300,000 under \$400,000.....	110,506	4,651	223,177	27,788	218,905	3,725	115,376	1,233
\$400,000 under \$500,000.....	47,971	2,206	111,648	18,060	105,161	1,945	52,844	605
\$500,000 under \$1,000,000.....	75,456	3,894	163,648	38,073	173,775	3,673	74,654	1,266
\$1,000,000 under \$1,500,000.....	17,138	1,037	37,561	16,094	42,004	1,054	11,414	331
\$1,500,000 under \$2,000,000.....	7,392	500	13,526	6,354	17,798	454	4,080	153
\$2,000,000 under \$5,000,000.....	10,525	709	18,569	12,010	25,582	668	5,949	301
\$5,000,000 under \$10,000,000.....	2,508	250	3,468	1,420	6,225	192	1,243	143
\$10,000,000 and over.....	1,463	225	1,927	1,094	3,468	159	560	109

Footnotes at end of table

**Table B--All Returns: Selected Income and Tax Items, by Size of Adjusted Gross Income and by 1979 Income Concept, 2003--Continued**

(All figures are estimates based on samples--money amounts are in millions of dollars)

Size of income	Total itemized deductions				Taxable income			
	2003 Adjusted Gross Income		1979 Income Concept		2003 Adjusted Gross Income		1979 Income Concept	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(49)	(50)	(51)	(52)	(53)	(54)	(55)	(56)
All returns, total.....	43,949,591	901,865	43,921,885	855,446	101,392,812	4,200,218	101,392,812	4,200,218
Under \$10,000.....	988,786	14,284	1,047,740	14,015	5,692,486	9,165	5,662,760	10,119
\$10,000 under \$20,000.....	2,366,752	29,929	2,457,017	28,204	16,126,280	91,290	16,035,308	91,560
\$20,000 under \$30,000.....	3,458,904	44,766	3,889,758	46,817	17,248,402	204,906	17,950,607	217,831
\$30,000 under \$40,000.....	4,449,065	58,796	4,584,673	56,861	13,724,586	273,848	14,110,368	292,589
\$40,000 under \$50,000.....	4,501,574	63,813	4,464,356	59,186	10,356,679	286,911	10,257,798	297,135
\$50,000 under \$60,000.....	4,356,717	68,079	4,172,995	61,900	8,158,782	291,115	7,902,314	290,188
\$60,000 under \$70,000.....	3,997,826	66,131	3,823,788	60,196	6,352,529	276,324	6,086,364	269,260
\$70,000 under \$80,000.....	3,814,314	66,822	3,637,045	61,090	5,258,082	271,567	4,990,477	259,168
\$80,000 under \$90,000.....	3,171,893	60,153	2,875,075	51,565	4,097,575	243,917	3,730,965	223,130
\$90,000 under \$100,000.....	2,456,189	50,227	2,328,451	45,188	2,979,967	201,832	2,855,438	192,703
\$100,000 under \$125,000.....	3,977,567	91,581	3,816,719	83,161	4,484,629	363,671	4,356,512	345,824
\$125,000 under \$150,000.....	2,090,169	55,639	2,156,470	54,135	2,299,165	237,018	2,371,861	236,366
\$150,000 under \$175,000.....	1,194,945	36,107	1,217,284	34,599	1,283,322	159,062	1,344,974	156,746
\$175,000 under \$200,000.....	753,743	25,490	785,736	24,695	797,249	116,121	849,937	115,436
\$200,000 under \$300,000.....	1,205,426	47,836	1,308,969	47,871	1,282,928	251,533	1,410,531	252,865
\$300,000 under \$400,000.....	457,729	23,146	516,836	23,784	486,571	143,455	568,080	146,989
\$400,000 under \$500,000.....	213,446	13,334	259,738	14,405	227,148	87,863	278,847	94,281
\$500,000 under \$1,000,000.....	329,147	28,295	391,133	29,809	355,526	212,836	424,350	222,684
\$1,000,000 under \$1,500,000.....	73,232	10,506	87,554	10,770	81,525	88,369	97,131	91,740
\$1,500,000 under \$2,000,000.....	30,700	6,008	34,485	6,193	33,949	52,504	37,774	53,582
\$2,000,000 under \$5,000,000.....	44,803	14,087	49,216	14,261	48,175	128,219	52,948	130,850
\$5,000,000 under \$10,000,000.....	10,709	7,806	10,858	7,843	11,151	68,514	11,325	68,826
\$10,000,000 and over.....	5,955	19,030	5,988	18,897	6,105	140,180	6,146	140,347

Size of income	Total tax credits				Total income tax			
	2003 Adjusted Gross Income		1979 Income Concept		2003 Adjusted Gross Income		1979 Income Concept	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(57)	(58)	(59)	(60)	(61)	(62)	(63)	(64)
All returns, total.....	41,091,029	41,996	41,091,029	41,996	88,921,904	748,017	88,921,904	748,017
Under \$10,000.....	1,065,701	91	1,043,408	103	4,956,686	932	4,943,645	1,107
\$10,000 under \$20,000.....	5,419,481	1,625	5,365,521	1,621	12,347,028	8,155	12,311,462	8,206
\$20,000 under \$30,000.....	7,778,264	5,265	7,909,851	5,318	12,187,319	19,310	12,878,463	20,824
\$30,000 under \$40,000.....	5,509,367	5,003	5,575,276	5,066	11,856,081	29,738	12,206,944	32,520
\$40,000 under \$50,000.....	4,643,842	4,932	4,559,722	4,834	9,668,366	34,635	9,602,036	36,343
\$50,000 under \$60,000.....	3,350,620	4,031	3,383,685	3,992	7,963,729	38,107	7,695,815	38,098
\$60,000 under \$70,000.....	2,924,490	3,670	2,875,650	3,591	6,270,036	37,134	5,998,978	36,352
\$70,000 under \$80,000.....	2,516,662	3,206	2,477,941	3,187	5,227,837	37,081	4,954,501	35,694
\$80,000 under \$90,000.....	2,092,625	2,754	1,938,781	2,563	4,075,665	35,004	3,708,443	32,257
\$90,000 under \$100,000.....	1,473,659	1,728	1,399,318	1,640	2,973,777	31,183	2,845,170	29,848
\$100,000 under \$125,000.....	2,045,535	2,372	2,030,323	2,288	4,482,868	61,653	4,342,463	58,565
\$125,000 under \$150,000.....	768,231	674	835,891	714	2,296,864	44,732	2,364,004	44,165
\$150,000 under \$175,000.....	352,027	377	399,384	370	1,283,855	31,961	1,343,121	31,278
\$175,000 under \$200,000.....	219,991	168	246,856	240	798,176	24,996	848,382	24,397
\$200,000 under \$300,000.....	397,842	790	442,960	813	1,282,929	59,183	1,407,925	58,531
\$300,000 under \$400,000.....	169,320	564	194,033	538	486,553	37,474	564,874	37,681
\$400,000 under \$500,000.....	91,586	346	109,109	518	227,304	24,054	278,779	25,261
\$500,000 under \$1,000,000.....	165,001	1,131	185,334	1,248	355,750	60,181	422,426	62,379
\$1,000,000 under \$1,500,000.....	44,901	533	50,757	579	81,588	25,551	97,152	26,419
\$1,500,000 under \$2,000,000.....	19,386	335	21,771	335	33,984	15,316	36,826	15,608
\$2,000,000 under \$5,000,000.....	30,289	896	33,117	929	48,235	36,905	53,002	37,594
\$5,000,000 under \$10,000,000.....	7,681	486	7,777	489	11,160	19,314	11,339	19,429
\$10,000,000 and over.....	4,528	1,019	4,564	1,022	6,114	35,417	6,152	35,462

<sup>1</sup> Individual Retirement Arrangements are included in the calculation of "Pensions and annuities."

NOTE: Detail may not add to totals because of rounding.



that would be consistent over several years, and would allow comparisons both before and after the major tax legislation of the 1980's.

The result was a retrospective income definition known as the 1979 Income Concept, reflecting a base period from 1979 through 1986. It was calculated using only data available from Individual income tax returns. By using the same income items in the calculation each year, its definition was consistent throughout the base years. In addition, this retrospective income definition could be used in future years to compare income by continuing to include the same components that were common to all years.

The calculation of the 1979 Income Concept is shown in Figure 3. Several items partially excluded from AGI for the base years were fully included in this new income measure, the largest of which was capital gains. The full amount of all capital gains, as well as all dividends and unemployment compensation, was included in the income calculation. Total pensions, annuities, IRA distributions, and roll-overs were added, including the non-taxable portions that were excluded from AGI. Social security benefits were omitted because they were not reported on tax returns until 1984. Also, any depreciation in excess of straight-line depreciation, which was subtracted in computing AGI, was added back.

Deductions that could be subtracted in the calculation of the 1979 Income Concept were limited to employee business expenses, alimony paid, and moving expenses. These same items were also subtracted in computing AGI until 1987 when unreimbursed business expenses and moving expenses were changed from adjustments to itemized deductions. Starting in 1994, moving expenses were once more made an adjustment to income. The amounts reported for employee business expenses by taxpayers who itemized deductions were subtracted in the calculation of the 1979 Income Concept. Taxpayers who did not itemize deductions, however, could not claim this expense (as well as moving expenses prior to 1994). For this reason, the deduction for these two expenses beginning

in 1987 is not completely comparable to that for previous years.

### **Comparison of AGI with 1979 Income Concept**

The Tax Reform Act of 1986 (TRA 86) made extensive changes to the calculation of AGI beginning with 1987. These changes made necessary a revision of the calculation of the 1979 Income Concept, in order to make tax years beginning with 1987 comparable to the base years, 1979 through 1986. The law changes limited the deduction of passive losses and eliminated unreimbursed employee business expenses and moving expenses as "adjustments" (moving expenses changed back for 1994) in figuring AGI beginning with Tax Year 1987. Since passive losses had been fully deductible for both income measures prior to 1987, the disallowed passive losses had to be deducted in the 1979 Income Concept calculation for tax years after 1986.

Some income items, such as capital gains, that had been partially excluded from AGI under prior law were fully included. The new law also eliminated or restricted some deductions. Therefore, if AGI is used to measure income, comparisons between 1986 income and tax data with that for years after 1986 are misleading. A more accurate comparison can be made using the 1979 Income Concept because it measures income in the same way for all years. Table B shows total income and selected tax items for 2003 using AGI and the 1979 Income Concept, classified by size of 2003 AGI.

Before TRA 86 became effective, a comparison of income measured by AGI with that measured by the 1979 Income Concept showed significant differences at income levels of \$200,000 or more. But, with the elimination of preferential treatment of various income items by TRA 86, such as the exclusion of a portion of capital gains, much of the difference disappeared. Under tax law prior to 1987, the capital gains exclusion accounted for the largest difference at the higher income levels between the two income measures. For 2003, 1979

Concept income was 2.2 percent higher than income as calculated using AGI. This difference was primarily attributed to the inclusion of more than \$225.1 billion in nontaxable pensions and annuities (including IRA distributions) in the 1979 Income Concept.

Income for all returns, using the 1979 Income Concept, increased 2.7 percent for 2003; income for the \$200,000 and above group increased 6.6 percent, after decreasing 8.5 percent for 2002. Total income tax for all returns decreased 6.1 percent; and total income tax reported for the \$200,000 and above income group decreased 3.2 percent for 2003, following a decrease of 11.5 percent for 2002.

The average tax rates (income tax as a percentage of total income) for each income class and both income concepts for years 1986 through 2003 are shown in Figure 4.

For the population as a whole, average tax rates for 2003 (based on the 1979 Income Concept) were 1.1 percentage points lower than those for 2002. Between 1986 and 2003, the average tax rates declined in all income categories below \$1,000,000. The \$1,000,000 or more income category showed an increase in average tax rates between 1986 and 2003 of 1.9 percentage points. Although the average tax rate for 2003 was calculated using a lower maximum marginal tax rate of 35.0 percent for 2003 compared to 50 percent for 1986, it was calculated on income that included all capital gains (long-term gains could be partially excluded from income for 1986). However, average tax rate declined in the category for 2003 by 3.3 percentage points.

**Figure 4--Total Income Tax as a Percentage of Adjusted Gross Income and the 1979 Income Concept, 1986-2003**

Size of 2003 AGI	Total income tax as a percentage of adjusted gross income																	
	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
All returns, total.....	14.8	13.3	13.4	13.3	13.1	12.9	13.1	13.5	13.7	14.0	14.5	14.7	14.6	15.0	15.4	14.4	13.2	12.1
Under \$10,000.....	4.3	4.0	4.0	3.8	3.7	3.5	3.2	3.0	3.0	3.0	3.1	3.2	2.9	3.0	3.3	2.4	2.3	2.1
\$10,000 under \$20,000.....	7.8	6.8	6.5	6.4	6.1	5.5	5.1	4.9	4.8	4.7	4.6	4.3	4.3	4.1	4.1	3.4	2.6	2.4
\$20,000 under \$30,000.....	10.6	9.4	9.3	9.3	9.1	8.7	8.4	8.2	8.1	7.9	7.7	7.6	6.8	6.7	6.5	5.9	4.7	4.2
\$30,000 under \$40,000.....	12.2	10.6	10.9	10.9	10.6	10.5	10.2	10.1	10.0	9.8	9.7	9.6	8.8	8.6	8.5	8.0	6.7	6.1
\$40,000 under \$50,000.....	13.8	11.8	11.6	11.5	11.4	11.0	10.8	10.7	10.8	10.7	10.8	10.7	10.0	9.8	9.8	9.4	8.1	7.4
\$50,000 under \$60,000.....	15.5	13.5	13.2	12.9	12.4	12.1	11.6	11.5	11.4	11.4	11.3	11.3	10.7	10.6	10.6	10.2	9.2	8.5
\$60,000 under \$70,000.....	16.9	15.1	14.5	14.2	13.8	13.2	12.9	12.7	12.6	12.5	12.3	12.1	11.4	11.2	11.2	10.8	9.6	9.0
\$70,000 under \$80,000.....	18.7	16.5	15.6	15.3	14.9	14.4	14.0	13.9	13.8	13.6	13.6	13.4	12.6	12.4	12.1	11.6	10.6	9.4
\$80,000 under \$90,000.....	19.9	17.8	16.6	16.2	15.8	15.4	15.0	15.1	14.9	14.6	14.6	14.4	13.5	13.5	13.5	12.9	11.6	10.1
\$90,000 under \$100,000.....	20.8	18.8	17.4	17.3	16.6	16.0	15.9	15.7	15.9	15.8	15.4	15.2	14.8	14.5	14.4	13.7	12.7	11.0
\$100,000 under \$125,000.....	23.1	20.1	18.8	18.4	17.5	17.3	16.9	17.0	17.0	16.9	16.7	16.5	16.0	15.8	15.8	15.2	14.2	12.4
\$125,000 under \$150,000.....	25.2	21.8	20.3	19.8	19.2	18.6	18.7	18.6	18.6	18.3	18.4	17.7	17.7	17.6	17.4	16.8	16.0	14.2
\$150,000 under \$175,000.....	28.0	23.0	21.6	21.1	20.4	19.8	19.6	19.7	19.9	19.9	19.8	19.3	18.8	19.0	18.6	18.2	17.3	15.4
\$175,000 under \$200,000.....	29.3	23.9	22.5	21.8	21.1	21.0	20.7	21.2	21.4	20.9	20.9	20.5	20.0	20.0	19.9	19.1	18.4	16.8
\$200,000 under \$300,000.....	31.1	25.8	23.7	22.8	22.6	22.7	22.9	23.8	23.9	23.8	23.4	22.9	22.4	22.4	22.4	21.6	21.0	19.2
\$300,000 under \$400,000.....	33.7	27.0	24.0	23.6	23.7	24.3	24.4	26.9	26.9	26.8	26.6	26.1	25.4	25.4	25.0	24.7	24.2	22.4
\$400,000 under \$500,000.....	36.2	28.2	24.1	23.9	23.6	24.9	25.3	28.4	28.6	28.7	28.2	27.4	26.9	26.7	26.6	26.1	25.7	23.8
\$500,000 under \$1,000,000.....	38.4	29.0	24.6	24.0	24.0	25.7	26.0	30.0	30.2	30.2	30.1	29.0	28.2	28.4	28.3	28.1	27.9	24.9
\$1,000,000 or more.....	40.2	28.6	25.0	24.2	24.1	26.2	26.8	31.2	31.1	31.4	30.8	28.8	27.5	27.9	27.7	28.3	28.5	24.8
Size of 2003 Income	Total income tax as a percentage of 1979 Income Concept																	
	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)	(34)	(35)	(36)
All returns, total.....	13.3	13.1	13.3	13.2	13.0	12.7	12.8	13.3	13.5	13.8	14.3	14.5	14.2	14.6	15.0	14.1	12.9	11.8
Under \$10,000.....	4.9	4.2	4.4	4.3	4.3	4.0	3.5	3.2	3.2	3.1	3.2	3.4	3.1	3.2	3.6	2.9	3.0	2.8
\$10,000 under \$20,000.....	7.6	6.7	6.5	6.4	6.1	5.5	5.1	4.8	4.8	4.7	4.6	4.4	4.2	4.1	4.0	3.4	2.6	2.4
\$20,000 under \$30,000.....	10.0	9.3	9.3	9.3	9.1	8.7	8.3	8.2	8.1	7.9	7.8	7.6	6.9	6.8	6.6	6.1	4.8	4.4
\$30,000 under \$40,000.....	11.6	10.7	10.7	10.9	10.7	10.5	10.2	10.2	10.1	10.1	10.0	9.8	9.1	8.9	9.0	8.4	7.1	6.5
\$40,000 under \$50,000.....	12.6	11.7	11.7	11.5	11.5	11.1	10.9	10.8	11.0	11.0	11.1	11.0	10.3	10.1	10.2	9.9	8.5	7.8
\$50,000 under \$60,000.....	13.8	13.4	13.2	12.9	12.5	12.0	11.6	11.6	11.6	11.6	11.6	11.5	11.0	10.9	10.9	10.6	9.5	8.7
\$60,000 under \$70,000.....	14.9	15.0	14.5	14.2	13.8	13.2	12.9	12.7	12.7	12.5	12.5	12.4	11.4	11.4	11.5	11.1	9.8	9.1
\$70,000 under \$80,000.....	15.8	16.2	15.4	15.2	14.6	14.2	13.7	13.7	13.6	13.6	13.5	13.3	12.6	12.4	12.3	11.8	10.8	9.5
\$80,000 under \$90,000.....	16.7	17.5	16.1	16.2	15.5	15.1	14.6	14.7	14.6	14.4	14.5	14.2	13.3	13.4	13.4	12.9	11.5	10.1
\$90,000 under \$100,000.....	16.8	18.1	17.1	16.8	16.1	15.5	15.2	15.3	15.4	15.5	15.2	15.2	14.5	14.0	14.2	13.6	12.7	11.0
\$100,000 under \$125,000.....	18.3	19.3	18.0	17.7	16.9	16.6	16.2	16.3	16.3	16.2	16.1	16.0	15.2	15.4	15.4	14.9	13.8	12.0
\$125,000 under \$150,000.....	19.0	20.6	19.6	18.8	18.0	17.3	17.2	17.7	17.4	17.4	17.3	16.7	16.6	16.6	16.6	16.2	15.2	13.6
\$150,000 under \$175,000.....	19.3	21.2	20.6	20.0	19.1	18.3	17.8	18.0	18.5	18.1	18.4	18.2	17.1	17.5	17.5	17.0	15.9	14.3
\$175,000 under \$200,000.....	20.3	22.5	21.6	20.7	20.0	18.6	19.0	19.1	19.4	19.2	18.9	18.8	18.1	18.4	18.0	17.8	16.8	15.3
\$200,000 under \$300,000.....	22.6	23.8	22.3	21.5	21.4	20.5	20.2	21.4	21.5	21.5	21.3	20.4	19.4	19.9	20.2	19.5	18.5	17.1
\$300,000 under \$400,000.....	22.6	24.5	22.6	21.9	21.5	21.6	21.6	23.5	23.7	23.7	23.1	24.0	21.5	21.3	21.7	21.3	20.5	19.2
\$400,000 under \$500,000.....	23.4	26.5	23.2	22.7	22.3	23.0	21.4	25.4	24.8	25.1	25.0	24.3	22.6	23.2	21.5	22.2	21.8	20.2
\$500,000 under \$1,000,000.....	23.7	26.7	23.5	22.0	21.7	23.5	22.6	26.3	26.1	26.7	27.1	26.1	24.3	24.0	24.3	24.2	23.7	21.7
\$1,000,000 or more.....	21.4	26.8	24.5	23.2	23.2	25.2	26.1	29.5	30.1	30.4	29.8	27.5	26.2	26.1	26.0	27.0	26.7	23.4



## Section 2

# Description of the Sample

This section describes the sample design and selection, the method of estimation, the sampling variability of the estimates, and the methodology of computing confidence intervals.

### Domain of Study

The statistics in this report are estimates from a probability sample of unaudited Individual Income Tax Returns, Forms 1040, 1040A, and 1040EZ (including electronic returns) filed by U.S. citizens and residents during Calendar Year 2004.

All returns processed during 2004 were subjected to sampling except tentative and amended returns. Tentative returns were not subjected to sampling because the revised returns may have been sampled later, while amended returns were excluded because the original returns had already been subjected to sampling. A small percentage of returns were not identified as tentative or amended until after sampling. These returns, along with those that contained no income information, were excluded in calculating estimates. This resulted in a small difference between the population total (131,291,334 returns) reported in Table C and the estimated total of all returns (130,423,626) reported in other tables.

The estimates in this report are intended to represent all returns filed for Tax Year 2003. While about 98 percent of the returns processed during Calendar Year 2004 were for Tax Year 2003, the remaining returns were mostly for prior years, and a

few for non-calendar years ending during 2004 and 2005. Returns for prior years were used in place of 2003 returns received and processed after December 31, 2004. This was done based on the assumption that the characteristics of returns due, but not yet processed, can best be represented by the returns for previous income years that were processed in 2004.

### Sample Design and Selection

The sample design is a stratified probability sample, in which the population of tax returns is classified into subpopulations, called strata, and a sample is randomly selected independently from each stratum. Strata are defined by:

1. Nontaxable (including no alternative minimum tax) with adjusted gross income or expanded income of \$200,000 or more.
2. High combined business and farm total receipts of \$50,000,000 or more.
3. Presence or absence of special Forms or Schedules (Form 2555, Form II16, Form 1040 Schedule C, and Form 1040 Schedule F).
4. Indexed positive or negative income. Sixty variables are used to derive positive and negative incomes. These positive and negative income classes are deflated using the Chain-Type Price Index for the Gross Domestic

*Bonnye Walker, Valerie Testa, and Jana Scali designed the sample and prepared the text and tables in this section under the direction of Yahia Ahmed, Chief, Mathematical Statistics Section, Statistical Computing Branch.*

Product to represent a base year of 1991. (See footnote 1 for details.)

5. Potential usefulness of the return for tax policy modeling. Thirty-two variables are used to determine how useful the return is for tax modeling purposes.

Table C shows the population and sample count for each stratum after collapsing some strata with the same sampling rates. (See references 1 and 2 for details.) The sampling rates range from 0.05 percent to 100 percent.

Tax data processed to the IRS Individual Master File at the Enterprise Computing Center at Martinsburg during Calendar Year 2004 were used to assign each taxpayer's record to the appropriate stratum and to determine whether or not the record should be included in the sample. Records are selected for the sample either if they possess certain combinations of the four ending digits of the social security number, or if their ending five digits of an eleven-digit number generated by a mathematical transformation of the SSN is less than or equal to the stratum sampling rate times 100,000. (See reference 3 for details.)

### Data Capture and Cleaning

Data capture for the SOI sample begins with the designation of a sample of administrative records. While the sample was being selected, the process was continually monitored for sample selection and data collection errors. In addition, a small subsample of returns was selected and independently reviewed, analyzed, and processed for a quality evaluation.

The administrative data and controlling information for each record designated for this sample was loaded onto an online database at the Cincinnati Submission Processing Center. Computer data for the selected administrative records were then used to identify inconsistencies, questionable values, and missing values as well as any additional variables that an editor needed to extract for each record. The editors use a hardcopy of the taxpayer's return to enter the required information onto the online system.

After the completion of service center review, data were further validated, tested, and balanced.

Adjustments and imputations for selected fields based on prior year data and other available information were used to make each record internally consistent. Finally, prior to publication, all statistics and tables were reviewed for accuracy and reasonableness in light of provisions of the tax law, taxpayer reporting variations and limitations, economic conditions, and comparability with other statistical series.

Some returns designated for the sample were not available for SOI processing because other areas of IRS needed the return at the same time. For Tax Year 2003, 0.04 percent of the sample returns were unavailable.

### Method of Estimation

Weights were obtained by dividing the population count of returns in a stratum by the number of sample returns for that stratum. The weights were adjusted to correct for misclassified returns. These weights were applied to the sample data to produce all of the estimates in this report.

### Sampling Variability and Confidence Intervals

The sample used in this study is one of a large number of samples that could have been selected using the same sample design. The estimates calculated from these different samples would vary. The standard error (SE) of an estimate is a measure of the variation among the estimates from the possible samples and, thus, is a measure of the precision with which an estimate from a particular sample approximates the average of the estimates calculated from all possible samples.

The standard error may be expressed as a percentage of the value being estimated. This ratio is called the coefficient of variation (CV). Tables 1.4 CV, 2.1 CV, and 3.3 CV contain estimated CV's for the estimates included in Tables 1.4, 2.1, and 3.3 of this report.

The sample estimate and an estimate of its standard error permit the construction of interval estimates with prescribed confidence that the interval includes the population value. If all possible samples were selected under essentially the same conditions and an estimate and its estimated standard error were calculated from each sample,

then:

1. About 68 percent of the intervals from one standard error below the estimate to one standard error above the estimate would include the population value. This is a 68 percent confidence interval.
2. About 95 percent of the intervals from two standard errors below the estimate to two standard errors above the estimate would include the population value. This is a 95 percent confidence interval.

For example, from Table 1.4, the estimate for State Income Tax Refunds,  $X$ , is \$23.425 billion, and its related coefficient of variation,  $CV(X)$ , is 0.85 percent. The standard error of the estimate,  $SE(X)$ , needed to construct the confidence interval estimate, is:

$$\begin{aligned} SE(X) &= X \cdot CV(X) \\ &= (\$23.425 \times 10^9) \cdot (0.0085) \\ &= \$0.199 \text{ billion} \end{aligned}$$

The  $p$  percent confidence interval is calculated using the formula:

$$X \pm z \cdot SE(X)$$

where  $z$  takes the value 1, 2, or 3 when  $p$  is 68, 95, or 99, respectively. Based on these data, the 68 percent confidence interval is from \$23.226 billion to \$23.624 billion, the 95 percent confidence interval is from \$23.027 billion to \$23.823 billion, and the 99 percent confidence interval is from \$22.828 billion to \$24.022 billion.

## Table Presentation

Whenever a weighted frequency is less than 3, the estimate and its corresponding amount are combined or deleted in order to avoid disclosure of information for specific taxpayers. (The combined or deleted data, if any, are included in the corresponding column totals.) These combinations and deletions are indicated by a double asterisk (\*\*). Estimates based on less than 10 sampled returns are considered to be unreliable. These estimates are noted by a single asterisk (\*) to the

left of the data unless all of the sampled returns are selected with certainty (at the 100 percent rate).

In the tables, a dash (-) in place of a frequency or an amount indicates that either no returns in the population had the characteristic or the characteristic was so rare that it did not appear on any of the sampled returns.

## Footnote

- [1] Indexing of positive and negative income is done by dividing each by the ratio of the Chain-Type Price Index for the Gross Domestic Product for the fourth quarter of 2002 to the fourth quarter of the base year of 1991. The indices were calculated using the Gross Domestic Product (GDP) Chain-type Price Index found in the table titles "Quantity and Price Indexes for Gross Domestic Product" released to the public on November 30, 2003 on the BEA web site (<http://www.bea.doc.gov/>).

## References

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**Table C.—Number of Individual Income Tax Returns in the Population and Sample by Sampling Strata for 2003**

Description of the sample strata	Description of the sample strata										Number of returns	
	Number of Returns by type of form attached										Population counts <sup>1</sup>	Sample counts
	Degree of interest, <sup>2</sup>	Form 1040, with Form 1116 or Form 2555		Form 1040, with Schedule C but without Form 1116 or Form 2555		Form 1040, with Schedule F but without Schedule C, Form 1116 or Form 2555		Form 1040, with other Schedules and Forms and Forms 1040A and 1040EZ				
(1)	Population counts (2)	Sample counts (3)	Population counts (4)	Sample counts (5)	Population counts (6)	Sample counts (7)	Population counts (8)	Sample counts (9)				
<b>Grand total</b>											131,291,334	182,810
Form 1040 returns only with adjusted gross income or expanded income of \$200,000 and over, with no income tax after credits and no additional tax for tax preferences, total											7,161	7,161
Form 1040 returns only with combined Schedule C (business or profession) total receipts of \$50,000,000 and over, total											164	164
Other Returns, total											131,284,009	175,485
<b>Description of the sample strata</b>												
Total		3,035,704	34,231	19,345,282	40,848	1,451,910	4,555	107,451,113	95,851			
Indexed Negative Income <sup>3</sup>												
Under \$10,000 or more	All	281	281	813	813	93	93	1,053	1,053		2,240	2,240
\$5,000,000 under \$10,000,000	All	502	502	967	967	197	197	1,451	1,451		3,117	3,117
\$2,000,000 under \$5,000,000	All	2,200	739	4,061	1,278	762	280	5,720	1,953		12,743	4,250
\$1,000,000 under \$2,000,000	All	4,617	767	9,320	1,512	1,903	304	11,619	1,820		27,459	4,403
\$500,000 under \$1,000,000	All	10,529	335	24,909	802	5,080	162	28,924	947		69,442	2,246
\$250,000 under \$500,000	All	20,564	202	59,691	564	11,657	111	66,441	593		158,353	1,470
\$120,000 under \$250,000	All	36,417	147	125,678	602	20,273	96	149,302	658		331,670	1,503
\$60,000 under \$120,000	All	41,862	114	173,402	466	22,527	56	231,682	606		469,473	1,242
Under \$60,000	All	41,020	58	455,324	640	42,921	65	1,082,502	1,524		1,621,767	2,287
Indexed Positive Income <sup>3</sup>												
Under \$30,000	1	158,036	84	2,331,855	1,159	100,888	41	30,466,670	15,298		30,466,670	15,298
Under \$30,000	2	144,301	134	4,007,738	4,229	150,619	158	26,167,849	13,151		28,758,728	14,435
\$30,000 under \$60,000	3-4	343,966	182	1,852,588	951	178,566	98	5,427,135	5,698		9,729,793	10,219
\$30,000 under \$60,000	1-2	295,889	319	3,517,419	3,652	256,044	289	21,354,587	10,554		23,729,707	11,785
\$60,000 under \$120,000	3-4	530,166	262	2,100,607	1,055	228,012	109	5,629,829	6,074		9,699,181	10,334
\$60,000 under \$120,000	4	344,250	331	2,427,361	2,474	184,010	148	10,827,026	5,300		13,665,811	6,726
\$120,000 under \$250,000	1-3	210,047	317	404,439	609	89,597	127	2,540,774	2,546		5,496,395	5,499
\$120,000 under \$250,000	4	370,869	1,024	1,220,586	3,515	78,186	222	1,301,190	1,844		2,005,273	2,897
\$250,000 under \$500,000	All	127,345	1,727	458,403	3,101	58,414	358	1,420,912	4,077		3,090,553	8,838
\$500,000 under \$1,000,000	All	125,287	2,978	127,251	3,167	16,372	395	533,713	3,547		1,320,875	8,733
\$1,000,000 under \$2,000,000	All	50,875	6,199	30,948	3,811	4,119	505	41,005	3,597		143,588	10,137
\$2,000,000 under \$5,000,000	All	23,826	7,874	9,467	3,026	1,254	425	14,092	4,509		126,947	15,524
\$5,000,000 under \$10,000,000	All	6,173	1,701	1,701	1,701	223	223	2,665	2,665		48,639	15,627
\$10,000,000 or more	All	3,682	3,682	754	754	93	93	1,384	1,384		10,762	10,762

<sup>1</sup> This population includes an estimated 867,708 returns that were excluded from other tables in this report because they contained no income information or represented amended or tentative returns identified after sampling.

<sup>2</sup> Each population member is assigned a degree of interest based on how useful it is for tax modeling purposes. Degree of interest ranges from one (1) to four (4), with a one being assigned to returns that are the least interesting, and a four being assigned to those that are the most interesting. 'All' refers to income classes for which returns with all four degrees of interest are assigned.

<sup>3</sup> Positive and Negative Income classes are divided by a Chain-Type Price Index for the Gross Domestic Product of 1.2297 to represent a base year of 1991.



# Section 3

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*Tony Hall and Lori Hentz were responsible for programming the Basic Tables. Table 1.4CV, 2.1CV, and 3.3CV were programmed by Valerie Puckett. Review of tables was performed by Michael Parisi.*

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**Table 1.1--Selected Income and Tax Items, by Size and Accumulated Size of Adjusted Gross Income**

(All figures are estimates based on samples--money amounts are in thousands of dollars except as indicated)

Size and accumulated size of adjusted gross income	All returns						Taxable returns						Total income tax			
	Number of returns (1)	Percent of total (2)	Amount (3)	Adjusted gross income less deficit (4)		Number of returns (6)	Percent of total (7)	Adjusted gross income less deficit (8)		Percentage of taxable income (18)	Adjusted gross income less deficit (19)	Average income tax (dollars) (20)				
<b>Size of Adjusted Gross Income</b>																
Total.....	130,423,626	100.0	6,207,108,793	100.0	47,592	88,921,904	100.0	5,746,568,751	100.0	100.0	13.0	8,412				
No adjusted gross income.....	1,813,840	1.4	-80,477,587	(Z)	-44,369	4,522	(Z)	-5,094,991	(X)	(Z)	(X)	17,377				
\$1 under \$5,000.....	11,697,629	9.0	31,038,758	0.5	2,653	835,921	0.9	2,494,290	(Z)	12.0	0.2	87				
\$5,000 under \$10,000.....	12,503,410	9.6	93,177,706	1.5	7,452	4,116,242	4.6	31,995,563	0.6	9.8	0.8	190				
\$10,000 under \$15,000.....	12,002,003	9.2	149,440,301	2.4	12,451	6,042,925	6.8	75,393,048	1.3	9.7	1.8	455				
\$15,000 under \$20,000.....	11,293,968	8.7	197,178,297	3.2	17,459	6,304,104	7.1	110,625,567	1.9	10.7	2.7	857				
\$20,000 under \$25,000.....	9,831,151	7.5	220,503,762	3.6	22,429	6,095,228	6.9	137,029,808	2.4	11.4	6.0	1,357				
\$25,000 under \$30,000.....	8,541,753	6.5	234,588,965	3.8	27,464	6,092,090	6.9	167,694,124	2.9	11.3	6.6	1,812				
\$30,000 under \$40,000.....	13,957,257	10.7	484,774,627	7.8	34,733	11,856,081	13.3	413,146,253	7.2	11.7	7.2	2,508				
\$40,000 under \$50,000.....	10,452,445	8.0	467,518,979	7.5	44,728	9,668,366	10.9	432,975,517	7.5	12.5	8.0	3,582				
\$50,000 under \$75,000.....	17,372,492	13.3	1,065,749,827	17.2	61,347	17,024,921	19.1	1,045,511,568	18.2	13.4	9.0	5,536				
\$75,000 under \$100,000.....	9,542,599	7.3	820,884,076	13.2	86,023	9,486,123	10.7	816,206,695	14.2	14.6	10.3	8,882				
\$100,000 under \$200,000.....	8,878,643	6.8	1,170,179,856	18.9	131,797	8,861,764	10.0	1,167,988,946	20.3	18.7	14.0	18,432				
\$200,000 under \$500,000.....	1,999,016	1.5	576,309,296	9.3	288,296	1,996,787	2.2	575,673,389	10.0	25.0	21.0	60,453				
\$500,000 under \$1,000,000.....	356,140	0.3	241,211,330	3.9	677,294	355,750	0.4	240,943,755	4.2	28.3	25.0	169,166				
\$1,000,000 under \$1,500,000.....	81,895	0.1	98,875,460	1.6	1,210,300	81,588	0.1	98,744,564	1.7	29.2	26.2	313,177				
\$1,500,000 under \$2,000,000.....	34,017	(Z)	58,497,902	0.9	1,719,667	33,984	(Z)	58,440,100	1.0	29.2	26.2	450,683				
\$2,000,000 under \$5,000,000.....	48,278	(Z)	142,219,690	2.3	2,945,849	48,235	0.1	142,091,816	2.5	28.8	26.0	765,117				
\$5,000,000 under \$10,000,000.....	11,168	(Z)	76,311,438	1.2	6,833,044	11,160	(Z)	76,253,821	1.3	28.2	25.3	1,730,613				
\$10,000,000 or more.....	6,126	(Z)	159,126,113	2.6	25,975,533	6,114	(Z)	158,454,920	2.8	25.3	22.4	5,792,690				
<b>Size and accumulated size of adjusted gross income</b>																
Total.....	88,999,370	4,115,059,975	100.0													
No adjusted gross income.....																
\$1 under \$5,000.....	833,898	610,224	(Z)	835,921	72,959	835,921	(Z)	72,959	12.0	0.2	87					
\$5,000 under \$10,000.....	4,115,045	7,956,944	0.2	4,116,242	780,450	4,116,242	0.1	780,450	9.8	0.8	190					
\$10,000 under \$15,000.....	6,042,417	28,261,843	0.7	6,042,925	2,750,658	6,042,925	0.4	2,750,658	4.6	1.8	455					
\$15,000 under \$20,000.....	6,302,026	50,371,975	1.2	6,304,104	5,404,734	6,304,104	0.7	5,404,734	8.5	2.7	857					
\$20,000 under \$25,000.....	6,094,991	72,410,263	1.8	6,095,228	8,274,086	6,095,228	1.1	8,274,086	11.4	6.0	1,357					
\$25,000 under \$30,000.....	6,092,049	97,429,358	2.4	6,092,090	11,036,040	6,092,090	1.5	11,036,040	13.3	6.6	1,812					
\$30,000 under \$40,000.....	11,856,021	254,354,428	6.2	11,856,081	29,737,818	11,856,081	4.0	29,737,818	11.7	7.2	2,508					
\$40,000 under \$50,000.....	9,665,520	276,796,514	6.7	9,668,366	34,634,209	9,668,366	4.6	34,635,213	12.5	8.0	3,582					
\$50,000 under \$75,000.....	17,022,619	702,291,485	17.1	17,024,921	94,256,193	17,024,921	12.6	94,256,193	13.4	9.0	5,536					
\$75,000 under \$100,000.....	9,484,573	575,890,228	14.0	9,486,123	84,253,116	9,486,123	11.3	84,253,116	14.6	10.3	8,882					
\$100,000 under \$200,000.....	8,858,018	875,512,626	21.3	8,861,764	163,342,405	8,861,764	21.8	163,342,407	18.7	14.0	18,432					
\$200,000 under \$500,000.....	1,995,958	482,717,655	11.7	1,996,787	120,710,917	1,996,787	16.1	120,711,552	25.0	21.0	60,453					
\$500,000 under \$1,000,000.....	355,390	212,761,707	5.2	355,749	60,180,621	355,749	8.0	60,180,643	28.3	25.0	169,166					
\$1,000,000 under \$1,500,000.....	81,491	88,335,720	2.1	81,587	25,550,669	81,587	3.4	25,551,466	28.9	25.9	313,177					
\$1,500,000 under \$2,000,000.....	33,938	52,488,902	1.3	33,984	15,315,946	33,984	2.0	15,316,006	29.2	26.2	450,683					
\$2,000,000 under \$5,000,000.....	48,164	128,190,317	3.1	48,235	36,900,818	48,235	4.9	36,905,426	28.8	26.0	765,117					
\$5,000,000 under \$10,000,000.....	11,150	68,499,870	1.7	11,160	19,313,626	11,160	2.6	19,313,636	28.2	25.3	1,730,613					
\$10,000,000 or more.....	6,104	140,179,919	3.4	6,114	35,416,375	6,114	4.7	35,416,509	25.3	22.4	5,792,690					

Footnotes at end of table.

**Table 1.1--Selected Income and Tax Items, by Size and Accumulated Size of Adjusted Gross Income--Continued**

(All figures are estimates based on samples--money amounts are in thousands of dollars except as indicated)

Size and accumulated size of adjusted gross income	All returns				Taxable returns				Total income tax											
	Number of returns	Percent of total	Adjusted gross income less deficit		Number of returns	Percent of total	Adjusted gross income less deficit		Total	Percentage of taxable income	Adjusted gross income less deficit	Average income tax (dollars)								
			Amount	Percent of total			Amount	Percent of total					Amount	Percent of total						
	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)	(34)	(35)	(36)	(37)	(38)	(39)	(40)
<b>Accumulated from Smallest Size of Adjusted Gross Income</b>																				
No adjusted gross income.....	1,813,840	1.4	-80,477,587	(X)	-44,369	4,522	(Z)	-5,094,991	(X)											
\$1 under \$5,000.....	11,697,628	9.0	31,038,757	0.5	2,653	835,922	0.9	2,494,291	(Z)											
\$1 under \$10,000.....	24,201,037	18.6	124,216,462	2.0	5,133	4,952,164	5.6	34,489,853	0.6											
\$1 under \$15,000.....	36,203,041	27.8	273,656,763	4.4	7,559	10,995,089	12.4	109,862,901	1.9											
\$1 under \$20,000.....	47,497,008	36.4	470,835,060	7.5	9,913	17,299,192	19.5	220,508,468	3.8											
\$1 under \$25,000.....	57,328,159	44.0	691,338,821	11.0	12,059	23,394,420	26.3	357,538,276	6.2											
\$1 under \$30,000.....	65,869,911	50.5	925,927,786	14.7	14,057	29,486,511	33.2	525,232,400	9.1											
\$1 under \$40,000.....	79,827,169	61.2	1,410,702,413	22.4	17,672	41,342,591	46.5	938,378,653	16.3											
\$1 under \$50,000.....	90,279,613	69.2	1,878,221,392	29.9	20,804	51,010,957	57.4	1,371,354,169	23.8											
\$1 under \$75,000.....	107,652,105	82.5	2,943,971,220	46.8	27,347	68,035,878	76.5	2,416,865,737	42.0											
\$1 under \$100,000.....	117,194,704	89.9	3,764,855,296	59.9	32,125	77,522,001	87.2	3,233,072,432	56.2											
\$1 under \$200,000.....	126,073,347	96.7	4,935,035,152	78.5	39,144	86,383,765	97.1	4,401,061,378	76.5											
\$1 under \$500,000.....	128,072,362	98.2	5,511,344,448	87.7	43,033	88,380,552	99.4	4,976,734,767	86.5											
\$1 under \$1,000,000.....	128,428,502	98.5	5,752,555,778	91.5	44,792	88,736,302	99.8	5,217,678,522	90.7											
\$1 under \$1,500,000.....	128,510,198	98.5	5,851,431,238	93.1	45,533	88,817,890	99.9	5,316,423,066	92.4											
\$1 under \$2,000,000.....	128,544,214	98.6	5,909,929,140	94.0	45,976	88,851,873	99.9	5,374,863,185	93.4											
\$1 under \$5,000,000.....	128,592,492	98.6	6,052,148,830	96.3	47,065	88,900,108	100.0	5,516,955,001	95.9											
\$1 under \$10,000,000.....	128,603,660	98.6	6,128,490,268	97.5	47,654	88,911,268	100.0	5,593,208,922	97.2											
\$1 or more.....	128,609,786	98.6	6,267,586,380	100.0	48,889	88,917,382	100.0	5,751,663,742	100.0											
<b>All returns.....</b>	<b>130,423,626</b>	<b>100.0</b>	<b>6,207,108,793</b>	<b>98.7</b>	<b>47,592</b>	<b>88,921,904</b>	<b>100.0</b>	<b>5,746,568,751</b>	<b>99.9</b>											
<b>Accumulated from Smallest Size of Adjusted Gross Income</b>																				
No adjusted gross income.....	88,899,370	4,115,059,975	100.0	88,921,898	748,010,125	100.0	748,017,488	100.0	18.2											
\$1 under \$5,000.....	833,898	610,224	(Z)	835,922	72,958	(Z)	72,958	(Z)	17,377											
\$1 under \$10,000.....	4,948,942	8,567,167	0.2	4,952,164	853,407	0.1	853,407	0.1	2.9											
\$1 under \$15,000.....	10,991,360	36,829,010	0.9	10,995,089	3,604,066	0.5	3,604,066	0.5	3.3											
\$1 under \$20,000.....	17,299,387	87,200,985	2.1	17,299,192	9,008,800	1.2	9,008,800	1.2	5.21											
\$1 under \$25,000.....	23,388,378	159,611,248	3.9	23,394,420	17,282,886	2.3	17,282,886	2.3	4.8											
\$1 under \$30,000.....	29,480,427	257,040,606	6.2	29,486,511	28,318,926	3.8	28,318,926	3.8	5.4											
\$1 under \$40,000.....	41,336,448	511,395,034	12.4	41,342,591	58,056,744	7.8	58,056,744	7.8	6.2											
\$1 under \$50,000.....	51,001,967	788,191,548	19.2	51,010,957	92,690,953	12.4	92,691,957	12.4	6.8											
\$1 under \$75,000.....	68,024,586	1,490,483,033	36.2	68,035,878	186,947,146	25.0	186,948,150	25.0	7.7											
\$1 under \$100,000.....	77,509,159	2,066,373,261	50.2	77,522,001	271,200,262	36.3	271,201,266	36.3	8.4											
\$1 under \$200,000.....	86,367,177	2,941,885,887	71.5	86,383,765	434,542,667	56.1	434,543,673	56.1	9.9											
\$1 under \$500,000.....	88,363,135	3,424,603,541	83.2	88,380,552	555,253,584	74.2	555,255,225	74.2	11.2											
\$1 under \$1,000,000.....	88,718,525	3,637,365,248	88.4	88,736,301	615,434,204	82.3	615,435,868	82.3	11.8											
\$1 under \$1,500,000.....	88,800,016	3,725,700,968	90.5	88,817,888	640,984,873	85.7	640,987,333	85.7	12.1											
\$1 under \$2,000,000.....	88,833,953	3,778,189,870	91.8	88,851,871	656,300,619	87.7	656,303,340	87.7	12.2											
\$1 under \$5,000,000.....	88,882,117	3,906,380,187	94.9	88,900,106	693,201,636	92.7	693,208,766	92.7	12.6											
\$1 under \$10,000,000.....	88,893,266	3,974,890,056	96.6	88,911,266	712,515,262	95.3	712,522,401	95.3	12.7											
\$1 or more.....	88,899,370	4,115,059,975	100.0	88,917,380	747,931,637	100.0	747,938,910	100.0	13.0											
<b>All returns.....</b>	<b>88,899,370</b>	<b>4,115,059,975</b>	<b>100.0</b>	<b>88,921,898</b>	<b>748,010,125</b>	<b>100.0</b>	<b>748,017,488</b>	<b>100.0</b>	<b>13.0</b>											

Footnote at end of table

**Table 1.1--Selected Income and Tax Items, by Size and Accumulated Size of Adjusted Gross Income--Continued**

(All figures are estimates based on samples--money amounts are in thousands of dollars except as indicated)

Size and accumulated size of adjusted gross income	All returns				Taxable returns				
	Number of returns	Percent of total	Adjusted gross income less deficit		Number of returns	Percent of total	Adjusted gross income less deficit		
			Amount	Percent of total			Amount	Percent of total	
	(41)	(42)	(43)	(44)	(45)	(46)	(47)	(48)	(49)
Accumulated from Largest Size of Adjusted Gross Income									
\$10,000,000 or more.....	6,126	(Z)	159,126,113	2.5	25,975,533	6,114	(Z)	158,454,920	2.8
\$5,000,000 or more.....	17,294	(Z)	235,437,550	3.7	13,613,828	17,274	(Z)	234,708,741	4.1
\$2,000,000 or more.....	65,572	0.1	377,657,240	6.0	5,759,428	65,509	0.1	376,800,557	6.6
\$1,500,000 or more.....	99,588	0.1	436,155,142	6.9	4,379,595	99,492	0.1	435,240,657	7.6
\$1,000,000 or more.....	181,283	0.1	535,030,602	8.5	2,951,356	181,080	0.2	533,985,221	9.3
\$500,000 or more.....	537,423	0.4	776,241,933	12.3	1,444,378	536,830	0.6	774,928,976	13.5
\$200,000 or more.....	2,536,439	1.9	1,352,551,228	21.5	533,248	2,533,617	2.8	1,350,602,364	23.5
\$100,000 or more.....	11,415,082	8.8	2,522,731,084	40.1	221,000	11,395,381	12.8	2,518,591,311	43.8
\$75,000 or more.....	20,957,680	16.1	3,343,615,161	53.2	159,541	20,881,504	23.5	3,334,798,006	58.0
\$50,000 or more.....	38,330,173	29.4	4,409,364,988	70.1	115,036	37,906,425	42.6	4,380,309,573	76.2
\$40,000 or more.....	48,782,617	37.4	4,876,883,967	77.6	99,972	47,574,791	53.5	4,813,285,090	83.7
\$30,000 or more.....	62,739,874	48.1	5,361,658,594	85.3	85,459	59,430,871	66.8	5,226,431,343	90.9
\$25,000 or more.....	71,281,627	54.7	5,596,247,559	89.0	76,509	65,522,962	73.7	5,394,125,467	93.8
\$20,000 or more.....	81,112,778	62.2	5,816,751,321	92.5	71,712	71,618,190	80.5	5,531,155,275	96.2
\$15,000 or more.....	92,406,745	70.9	6,013,929,618	95.6	65,081	77,922,293	87.6	5,641,780,841	98.1
\$10,000 or more.....	104,408,749	80.1	6,163,369,918	98.0	59,031	83,965,218	94.4	5,717,173,890	99.4
\$5,000 or more.....	116,912,158	89.6	6,256,547,624	99.5	53,515	88,081,460	99.1	5,749,169,452	100.0
\$1 or more.....	128,609,786	98.6	6,287,586,380	100.0	48,889	88,917,382	100.0	5,751,663,742	100.0
All returns.....	130,423,626	100.0	6,207,108,793	98.7 <sup>1</sup>	47,592	88,921,904	100.0	5,746,568,751	99.9 <sup>1</sup>

Size and accumulated size of adjusted gross income	Taxable income				Income tax after credits				Total income tax			
	Number of returns	Amount	Percentage of total	Number of returns	Amount	Percentage of total	Amount	Percentage of total	Total	Taxable income	Adjusted gross income less deficit	Average income tax (dollars)
Accumulated from Largest Size of Adjusted Gross Income												
\$10,000,000 or more.....	6,104	140,179,919	3.4	6,114	35,416,375	4.7	35,416,509	25.3	4.7	25.3	22.4	5,792,690
\$5,000,000 or more.....	17,254	208,679,789	5.1	17,274	54,730,001	7.3	54,730,145	26.2	7.3	26.2	23.3	3,168,354
\$2,000,000 or more.....	65,417	336,870,105	8.2	65,509	91,630,818	12.2	91,635,571	27.2	12.3	27.2	24.3	1,398,824
\$1,500,000 or more.....	99,355	389,359,007	9.5	99,492	106,946,764	14.3	106,951,577	27.5	14.3	27.5	24.6	1,074,977
\$1,000,000 or more.....	180,846	477,694,727	11.6	181,079	132,497,433	17.7	132,503,042	27.7	17.7	27.7	24.8	731,738
\$500,000 or more.....	536,236	690,456,434	16.8	536,828	192,678,053	25.8	192,683,685	27.9	25.8	27.9	24.9	358,929
\$200,000 or more.....	2,532,194	1,173,174,089	28.5	2,533,615	313,386,970	41.9	313,395,237	26.7	41.9	26.7	23.2	123,695
\$100,000 or more.....	11,390,212	2,048,686,715	49.8	11,395,379	476,731,375	63.7	476,737,644	23.3	63.7	23.3	18.9	41,836
\$75,000 or more.....	20,874,785	2,624,576,942	63.8	20,881,502	560,984,491	75.0	560,990,760	21.4	75.0	21.4	16.8	26,865
\$50,000 or more.....	37,897,403	3,326,868,427	80.8	37,906,423	655,240,684	87.6	655,246,953	19.7	87.6	19.7	15.0	17,286
\$40,000 or more.....	47,562,923	3,603,664,941	87.6	47,574,789	689,874,893	92.6	689,882,166	19.1	92.2	14.3	14.3	14,501
\$30,000 or more.....	59,418,944	3,858,019,369	93.8	59,430,869	719,612,711	96.2	719,619,984	18.7	96.2	13.8	12,109	
\$25,000 or more.....	65,510,993	3,955,448,727	96.1	65,522,960	730,648,751	97.7	730,656,024	18.5	97.7	13.5	11,151	
\$20,000 or more.....	71,605,984	4,027,858,990	97.9	71,618,168	738,922,837	98.8	738,930,110	18.3	98.8	13.4	10,318	
\$15,000 or more.....	77,908,011	4,078,230,965	99.1	77,922,291	744,327,571	99.5	744,334,844	18.3	99.5	13.2	9,552	
\$10,000 or more.....	83,950,428	4,106,492,809	99.8	83,965,216	747,078,230	99.9	747,085,503	18.2	99.9	13.1	8,898	
\$5,000 or more.....	88,065,472	4,114,449,751	100.0	88,081,458	747,858,679	100.0	747,865,952	18.2	100.0	13.0	8,491	
\$1 or more.....	88,899,370	4,115,059,975	100.0	88,917,380	747,931,637	100.0	747,938,910	18.2	100.0	13.0	8,412	
All returns.....	88,899,370	4,115,059,975	100.0	88,921,898	748,010,125	100.0	748,017,488	18.2	100.0	13.0	8,412	

(X) Percentage not computed.  
 (Z) Less than 0.05 percent.  
<sup>1</sup> Percentage less than 100 because of inclusion of negative AGI.  
 NOTE: Detail may not add to totals because of rounding.

**Table 1.2--All Returns: Adjusted Gross Income, Exemptions, Deductions, and Tax Items, by Size of Adjusted Gross Income and by Marital Status**  
(All figures are estimates based on samples--money amounts are in thousands of dollars)

Size of adjusted gross income	All returns													
	Adjusted gross income less deficit		Exemption amount		Total itemized deductions		Standard deduction		Taxable income		Income tax after credits		Total income tax	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	
<b>All returns, total</b>	<b>130,423,626</b>	<b>6,207,108,793</b>	<b>781,305,067</b>	<b>43,949,591</b>	<b>901,864,834</b>	<b>84,643,281</b>	<b>555,780,052</b>	<b>101,392,812</b>	<b>4,200,218,439</b>	<b>88,921,898</b>	<b>748,010,125</b>	<b>88,921,904</b>	<b>748,017,488</b>	
No adjusted gross income	1,813,840	-80,477,587	8,675,128	-	-	-	-	-	-	4,518	78,488	4,522	78,578	
\$1 under \$5,000	11,697,828	31,038,757	28,758,397	344,323	5,143,324	11,353,305	48,956,871	858,777	618,611	835,922	72,958	835,922	72,958	
\$5,000 under \$10,000	12,503,409	93,177,705	49,242,400	644,463	9,140,858	11,858,947	68,385,150	4,833,709	8,546,531	4,116,242	780,450	4,116,242	780,450	
\$10,000 under \$15,000	12,002,004	149,440,301	61,669,538	1,039,910	12,797,467	10,958,090	69,375,381	7,183,046	31,151,196	6,042,925	2,750,659	6,042,925	2,750,659	
\$15,000 under \$20,000	11,293,967	197,178,297	63,729,281	1,326,842	17,131,242	9,964,186	66,145,326	8,943,234	60,138,378	6,304,103	5,404,733	6,304,103	5,404,733	
\$20,000 under \$25,000	9,831,150	220,503,762	57,950,513	1,617,007	20,867,672	8,211,219	55,078,733	9,018,184	90,719,851	6,095,228	8,274,086	6,095,228	8,274,086	
\$25,000 under \$30,000	8,541,753	234,588,965	52,839,113	1,841,897	23,898,093	6,696,937	46,038,509	8,230,217	114,185,800	6,092,090	11,036,040	6,092,090	11,036,040	
\$30,000 under \$40,000	13,957,257	484,774,627	87,034,172	4,449,065	58,796,152	9,504,261	67,435,662	13,724,586	273,848,438	11,856,081	29,737,818	11,856,081	29,737,818	
\$40,000 under \$50,000	10,452,444	467,518,979	71,829,706	4,501,574	63,813,263	5,950,870	46,061,274	10,356,679	286,911,458	9,668,366	34,634,209	9,668,366	34,634,209	
\$50,000 under \$75,000	17,372,492	1,065,749,827	131,566,699	10,321,837	167,694,310	7,050,508	59,792,554	17,318,859	707,527,353	17,024,921	94,256,193	17,024,921	94,256,193	
\$75,000 under \$100,000	9,542,599	820,884,076	81,405,117	7,475,102	143,717,935	2,067,496	18,925,109	9,528,077	577,227,012	9,486,123	84,253,116	9,486,123	84,253,116	
\$100,000 under \$200,000	8,878,643	1,170,179,856	78,144,615	8,016,424	208,816,881	862,219	8,069,375	8,864,366	875,871,197	8,861,764	163,342,405	8,861,764	163,342,405	
\$200,000 under \$500,000	1,999,016	576,309,296	8,460,389	1,876,601	84,315,913	122,413	1,095,870	1,996,647	482,851,392	1,996,787	120,710,917	1,996,787	120,710,917	
\$500,000 under \$1,000,000	356,140	241,211,330	-	329,147	28,295,286	26,953	239,319	355,526	212,835,816	355,749	60,180,621	355,749	60,180,621	
\$1,000,000 under \$1,500,000	81,695	98,875,460	-	73,232	10,505,751	8,463	74,565	81,525	88,369,158	81,586	25,550,668	81,586	25,550,668	
\$1,500,000 under \$2,000,000	34,016	58,497,902	-	30,700	6,008,211	3,316	29,944	33,949	52,503,976	33,984	15,315,946	33,984	15,315,946	
\$2,000,000 under \$5,000,000	48,278	142,219,690	-	44,803	14,086,810	3,469	30,950	48,175	128,218,696	48,235	36,900,818	48,235	36,900,818	
\$5,000,000 under \$10,000,000	11,168	76,311,438	-	10,709	7,805,751	458	3,991	11,151	68,513,593	11,160	19,313,626	11,160	19,313,626	
\$10,000,000 or more	6,126	159,126,112	-	5,955	19,029,915	171	1,467	6,105	140,179,982	6,114	35,416,375	6,114	35,416,375	
<b>Taxable returns, total</b>	<b>88,921,904</b>	<b>5,746,568,751</b>	<b>508,136,861</b>	<b>38,696,170</b>	<b>798,102,464</b>	<b>50,204,289</b>	<b>331,352,626</b>	<b>88,899,370</b>	<b>4,115,059,975</b>	<b>88,921,898</b>	<b>748,010,125</b>	<b>88,921,904</b>	<b>748,017,488</b>	
No adjusted gross income	4,522	-5,094,991	29,763	-	-	-	-	-	-	4,518	78,488	4,522	78,578	
\$1 under \$5,000	835,922	2,494,291	6,281	7,908	16,568	828,014	1,879,918	833,898	610,224	835,922	72,958	835,922	72,958	
\$5,000 under \$10,000	4,116,242	31,995,562	4,707,833	28,503	85,830	4,087,740	19,248,970	4,115,044	7,956,943	4,116,242	780,450	4,116,242	780,450	
\$10,000 under \$15,000	6,042,925	75,383,049	16,244,874	381,950	2,733,778	5,566,971	28,173,814	6,042,418	28,261,844	6,042,925	2,750,659	6,042,925	2,750,659	
\$15,000 under \$20,000	6,304,103	110,625,566	22,082,044	660,289	5,673,156	5,640,875	32,500,423	6,302,027	50,371,975	6,304,103	5,404,733	6,304,103	5,404,733	
\$20,000 under \$25,000	6,095,228	137,029,808	23,712,745	975,975	9,672,750	5,116,329	31,245,290	6,094,991	72,410,263	6,095,228	8,274,086	6,095,228	8,274,086	
\$25,000 under \$30,000	6,092,090	167,694,124	26,533,885	1,245,749	13,129,721	4,843,423	30,602,552	6,092,049	97,429,358	6,092,090	11,036,040	6,092,090	11,036,040	
\$30,000 under \$40,000	11,856,081	413,146,253	60,567,820	3,595,189	41,871,409	8,256,960	56,354,779	11,856,021	254,354,428	11,856,081	29,737,818	11,856,081	29,737,818	
\$40,000 under \$50,000	9,668,366	432,975,517	60,640,062	4,004,928	52,242,562	5,663,438	43,408,555	9,665,520	276,796,514	9,668,366	34,634,209	9,668,366	34,634,209	
\$50,000 under \$75,000	17,024,921	1,045,511,568	126,598,462	10,004,710	157,143,955	7,020,063	59,505,068	17,022,619	702,291,485	17,024,921	94,256,193	17,024,921	94,256,193	
\$75,000 under \$100,000	9,486,123	816,206,695	80,576,420	7,422,845	140,892,607	2,063,278	18,889,771	9,484,573	575,890,228	9,486,123	84,253,116	9,486,123	84,253,116	
\$100,000 under \$200,000	8,861,764	1,167,988,946	77,984,171	7,999,659	206,601,329	862,105	8,068,475	8,858,018	875,512,626	8,861,764	163,342,405	8,861,764	163,342,405	
\$200,000 under \$500,000	1,996,787	575,673,389	8,452,503	1,874,473	83,642,960	122,312	1,095,060	1,995,958	412,761,655	1,996,787	120,710,917	1,996,787	120,710,917	
\$500,000 under \$1,000,000	355,750	240,943,755	-	328,786	28,029,019	26,924	239,099	355,399	212,761,707	355,749	60,180,621	355,749	60,180,621	
\$1,000,000 or more	181,080	533,985,221	-	165,204	56,366,780	15,869	140,851	180,896	477,694,727	181,079	132,497,433	181,080	132,503,042	
<b>Nontaxable returns, total</b>	<b>41,501,722</b>	<b>460,540,042</b>	<b>273,168,205</b>	<b>5,253,421</b>	<b>103,762,370</b>	<b>34,438,982</b>	<b>224,427,426</b>	<b>12,493,442</b>	<b>85,158,463</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	

Footnotes at end of table

Table 1.2--All Returns: Adjusted Gross Income, Exemptions, Deductions, and Tax Items, by Size of Adjusted Gross Income and by Marital Status--Continued

(All figures are estimates based on samples--money amounts are in thousands of dollars)

Size of adjusted gross income	Returns of married persons filing jointly											Total income tax					
	Number of returns (14)	Adjusted gross income less deficit (15)	Exemption amount (16)	Total itemized deductions (17)		Standard deduction (18)		Taxable income (19)		Income tax after credits (20)		Number of returns (21)	Amount (22)	Number of returns (23)	Amount (24)	Number of returns (25)	Amount (26)
				Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount						
All returns, total.....	51,510,779	4,087,730,352	467,715,041	26,361,452	630,665,399	242,036,574	43,974,131	2,862,490,539	39,735,378	529,446,814	39,735,379	529,446,814	39,735,379	529,446,814	39,735,379	529,446,814	529,446,814
No adjusted gross income.....	552,744	-51,112,929	5,013,868	-	-	-	-	-	-	-	-	-	-	-	-	-	-
\$1 under \$5,000.....	784,512	2,192,520	6,159,242	97,983	1,974,709	6,882,579	-	-	-	-	-	-	-	-	-	-	-
\$5,000 under \$10,000.....	1,399,420	10,688,953	11,739,223	142,415	2,809,885	12,535,251	-	-	-	-	-	-	-	-	-	-	-
\$10,000 under \$15,000.....	2,095,521	26,291,305	18,622,301	219,780	3,594,953	18,875,288	-	-	-	-	-	-	-	-	-	-	-
\$15,000 under \$20,000.....	2,575,454	45,201,863	22,148,343	359,729	5,920,692	22,300,221	-	-	-	-	-	-	-	-	-	-	-
\$20,000 under \$25,000.....	2,518,965	56,637,532	22,463,814	471,990	7,900,047	20,293,063	-	-	-	-	-	-	-	-	-	-	-
\$25,000 under \$30,000.....	2,582,876	70,886,697	24,498,691	500,170	8,283,267	20,375,022	-	-	-	-	-	-	-	-	-	-	-
\$30,000 under \$40,000.....	4,988,730	174,739,200	47,004,328	1,366,396	22,863,440	35,474,154	-	-	-	-	-	-	-	-	-	-	-
\$40,000 under \$50,000.....	5,044,560	226,607,745	47,948,105	1,891,780	30,847,723	31,527,770	-	-	-	-	-	-	-	-	-	-	-
\$50,000 under \$75,000.....	11,354,972	705,700,129	106,323,198	6,344,131	108,186,549	48,701,825	-	-	-	-	-	-	-	-	-	-	-
\$75,000 under \$100,000.....	7,787,369	671,279,493	74,097,264	6,032,588	116,977,359	17,201,029	-	-	-	-	-	-	-	-	-	-	-
\$100,000 under \$200,000.....	7,643,551	1,010,038,362	73,441,599	6,892,016	179,606,712	7,464,482	-	-	-	-	-	-	-	-	-	-	-
\$200,000 under \$500,000.....	1,717,983	496,223,803	8,255,066	1,622,377	72,581,870	95,606	-	-	-	-	-	-	-	-	-	-	-
\$500,000 under \$1,000,000.....	303,067	205,438,680	-	281,790	23,834,253	21,267	-	-	-	-	-	-	-	-	-	-	-
\$1,000,000 under \$1,500,000.....	68,027	82,418,457	-	61,324	8,540,368	6,703	-	-	-	-	-	-	-	-	-	-	-
\$1,500,000 under \$2,000,000.....	28,817	49,516,540	-	26,061	4,938,482	2,756	-	-	-	-	-	-	-	-	-	-	-
\$2,000,000 under \$5,000,000.....	40,209	118,241,204	-	37,377	11,602,232	2,831	-	-	-	-	-	-	-	-	-	-	-
\$5,000,000 under \$10,000,000.....	9,114	62,189,068	-	8,762	6,229,660	353	-	-	-	-	-	-	-	-	-	-	-
\$10,000,000 or more.....	4,908	124,551,730	-	4,783	13,973,195	125	-	-	-	-	-	-	-	-	-	-	-
Taxable returns, total.....	39,735,379	3,893,660,668	341,801,508	23,673,029	572,113,843	16,060,219	39,726,152	2,825,399,589	39,735,378	529,446,814	39,735,379	529,446,814	39,735,379	529,446,814	39,735,379	529,446,814	
No adjusted gross income.....	2,132	-3,550,834	21,853	-	-	-	-	-	-	-	-	-	-	-	-	-	-
\$1 under \$5,000.....	*23	*81	*177	*23	*2,200	-	-	-	-	-	-	-	-	-	-	-	-
\$5,000 under \$10,000.....	*49	*416	*561	*49	*2,616	-	-	-	-	-	-	-	-	-	-	-	-
\$10,000 under \$15,000.....	*3,990	*58,292	*23,577	*360	*4,689	*3,630	*3,977	*3,936	*3,990	*518	*3,990	*518	*3,990	*518	*3,990	*518	
\$15,000 under \$20,000.....	831,053	15,209,057	5,120,603	40,939	467,931	790,114	828,979	1,541,592	831,053	147,453	831,053	147,453	831,053	147,453	831,053	147,453	
\$20,000 under \$25,000.....	1,199,103	27,040,660	7,495,237	162,509	2,117,159	1,036,594	1,198,875	6,696,845	1,199,103	637,879	1,199,103	637,879	1,199,103	637,879	1,199,103	637,879	
\$25,000 under \$30,000.....	1,245,080	34,231,338	8,254,765	200,482	2,901,479	1,044,588	1,245,048	12,517,858	1,245,080	1,126,896	1,245,080	1,126,896	1,245,080	1,126,896	1,245,080	1,126,896	
\$30,000 under \$40,000.....	3,498,278	123,224,610	26,494,398	821,573	12,139,133	2,676,705	3,498,234	58,181,446	3,498,278	5,323,753	3,498,278	5,323,753	3,498,278	5,323,753	3,498,278	5,323,753	
\$40,000 under \$50,000.....	4,375,033	197,073,762	37,916,119	1,479,776	21,974,461	2,895,257	4,375,018	108,980,016	4,375,033	10,790,799	4,375,033	10,790,799	4,375,033	10,790,799	4,375,033	10,790,799	
\$50,000 under \$75,000.....	11,043,208	687,541,123	101,633,457	6,062,448	99,281,519	4,980,761	11,043,946	438,222,492	11,043,208	49,760,917	11,043,208	49,760,917	11,043,208	49,760,917	11,043,208	49,760,917	
\$75,000 under \$100,000.....	7,737,447	667,126,650	73,302,970	5,985,886	114,743,581	1,751,561	7,736,351	461,920,147	7,737,447	62,134,478	7,737,447	62,134,478	7,737,447	62,134,478	7,737,447	62,134,478	
\$100,000 under \$200,000.....	7,629,783	1,008,301,679	73,290,123	6,878,323	177,960,675	751,459	7,627,298	749,684,361	7,629,783	135,715,164	7,629,783	135,715,164	7,629,783	135,715,164	7,629,783	135,715,164	
\$200,000 under \$500,000.....	1,716,464	495,790,436	8,247,667	1,620,927	72,135,758	95,537	1,716,010	414,550,882	1,716,464	102,935,356	1,716,464	102,935,356	1,716,464	102,935,356	1,716,464	102,935,356	
\$500,000 under \$1,000,000.....	302,800	205,262,026	-	281,551	23,667,916	12,249	302,556	181,444,801	302,800	51,487,629	302,800	51,487,629	302,800	51,487,629	302,800	51,487,629	
\$1,000,000 or more.....	150,938	436,351,373	-	138,175	44,714,725	12,764	150,761	391,655,204	150,938	109,335,735	150,938	109,335,735	150,938	109,335,735	150,938	109,335,735	
Nontaxable returns, total.....	11,775,399	194,069,684	125,913,533	2,688,423	58,551,556	8,536,364	4,247,979	37,090,950	--	--	--	--	--	--	--	--	--

Footnotes at end of table

**Table 1.2--All Returns: Adjusted Gross Income, Exemptions, Deductions, and Tax Items, by Size of Adjusted Gross Income and by Marital Status--Continued**  
(All figures are estimates based on samples--money amounts are in thousands of dollars)

Size of adjusted gross income	Returns of married persons filing separately												
	Number of returns (27)	Adjusted gross income less deficit (28)	Exemption amount (29)	Total itemized deductions (30)		Standard deduction (32)		Taxable income (34)		Income tax after credits (36)		Total income tax (39)	
				Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
<b>All returns, total.....</b>	<b>2,320,275</b>	<b>98,811,737</b>	<b>9,485,863</b>	<b>1,029,303</b>	<b>15,689,174</b>	<b>1,211,416</b>	<b>5,711,045</b>	<b>2,028,061</b>	<b>74,288,019</b>	<b>1,936,801</b>	<b>14,606,378</b>	<b>1,936,804</b>	<b>14,611,837</b>
No adjusted gross income.....	62,643	-4,723,274	288,043	-	-	-	-	-	-	151	2,436	152	2,446
\$1 under \$5,000.....	93,818	228,332	326,983	8,945	81,482	84,872	378,790	*1,900	*1,013	*1,903	*450	*1,903	*450
\$5,000 under \$10,000.....	179,665	1,385,065	643,506	25,510	146,670	154,155	740,581	82,759	117,236	78,311	11,335	78,311	11,335
\$10,000 under \$15,000.....	175,314	2,194,786	692,606	37,016	445,324	134,294	639,837	154,881	710,225	141,351	65,483	141,351	65,483
\$15,000 under \$20,000.....	250,342	4,330,389	1,025,217	42,180	287,920	205,223	950,736	243,319	2,111,597	209,647	219,806	209,647	219,806
\$20,000 under \$25,000.....	224,281	5,075,370	861,698	85,466	748,788	135,890	641,602	219,717	2,867,045	206,834	326,746	206,834	326,746
\$25,000 under \$30,000.....	282,791	6,981,045	1,104,002	91,018	878,929	158,854	749,686	248,632	4,272,056	236,688	519,179	236,688	519,179
\$30,000 under \$40,000.....	400,594	13,913,935	1,751,510	209,359	2,021,417	**337,823	**1,608,293	398,205	9,284,281	386,373	1,190,159	386,373	1,190,159
\$40,000 under \$50,000.....	245,457	11,003,691	1,155,933	167,203	1,865,265	**	**	243,559	7,639,917	240,440	1,082,921	240,440	1,082,921
\$50,000 under \$75,000.....	282,286	15,739,082	1,074,901	208,171	2,773,439	**	**	262,225	11,637,230	262,218	2,072,499	262,218	2,072,499
\$75,000 under \$100,000.....	92,759	7,845,861	426,860	80,944	1,436,567	**	**	92,703	5,934,205	92,709	1,224,468	92,709	1,224,468
\$100,000 under \$200,000.....	54,889	7,180,129	134,605	49,693	1,294,843	**	**	54,867	5,727,075	54,855	1,379,534	54,855	1,379,534
\$200,000 under \$500,000.....	16,775	5,099,809	-	16,027	720,228	**	**	16,695	4,384,208	16,697	1,237,489	16,697	1,237,494
\$500,000 under \$1,000,000.....	4,774	3,335,619	-	4,192	562,958	**	**	4,743	2,781,241	4,753	800,587	4,754	800,609
\$1,000,000 under \$1,500,000.....	1,296	1,559,458	-	1,132	191,313	164	844	1,279	1,373,889	1,282	381,894	1,283	381,932
\$1,500,000 under \$2,000,000.....	663	1,199,029	-	601	171,434	61	304	654	996,639	662	278,769	662	278,769
\$2,000,000 under \$5,000,000.....	1,216	3,703,627	-	1,153	411,308	57	267	1,212	3,297,595	1,214	927,145	1,214	931,524
\$5,000,000 under \$10,000,000.....	397	2,785,766	-	378	340,939	18	85	396	2,447,713	396	680,880	396	680,880
\$10,000,000 or more.....	316	10,014,019	-	312	1,310,350	4	20	315	8,704,854	316	2,204,597	316	2,204,597
<b>Taxable returns, total.....</b>	<b>1,936,804</b>	<b>99,628,484</b>	<b>7,394,050</b>	<b>941,829</b>	<b>14,139,223</b>	<b>977,909</b>	<b>4,625,699</b>	<b>1,935,654</b>	<b>73,748,339</b>	<b>1,936,801</b>	<b>14,606,378</b>	<b>1,936,804</b>	<b>14,611,837</b>
No adjusted gross income.....	152	-251,599	538	-	-	-	-	-	-	151	2,436	152	2,446
\$1 under \$5,000.....	*1,903	*6,232	*10	*3	*999	*1,900	*5,216	*1,900	*1,013	*1,903	*450	*1,903	*450
\$5,000 under \$10,000.....	78,311	684,501	231,995	8,816	5,652	69,496	337,013	78,311	109,841	78,311	11,335	78,311	11,335
\$10,000 under \$15,000.....	141,351	1,765,987	447,088	23,307	105,315	114,041	546,444	141,351	667,139	141,351	65,483	141,351	65,483
\$15,000 under \$20,000.....	209,647	3,638,386	698,927	32,220	164,494	174,487	806,632	209,647	1,968,333	209,647	219,806	209,647	219,806
\$20,000 under \$25,000.....	206,834	4,684,413	745,921	71,999	515,213	131,910	622,699	206,834	2,800,600	206,834	326,746	206,834	326,746
\$25,000 under \$30,000.....	236,688	6,539,803	950,899	80,890	678,887	152,880	721,307	236,688	4,188,710	236,688	519,179	236,688	519,179
\$30,000 under \$40,000.....	386,373	13,447,838	1,582,271	200,048	1,822,920	**332,891	**1,584,868	386,367	9,172,050	386,373	1,190,159	386,373	1,190,159
\$40,000 under \$50,000.....	240,440	10,774,184	1,100,655	162,187	1,744,302	**	**	239,512	7,563,306	240,440	1,082,921	240,440	1,082,921
\$50,000 under \$75,000.....	262,218	15,734,581	1,074,484	208,104	2,767,718	**	**	262,215	11,637,046	262,218	2,072,499	262,218	2,072,499
\$75,000 under \$100,000.....	92,709	7,841,069	426,712	80,894	1,425,802	**	**	92,703	5,934,205	92,709	1,224,468	92,709	1,224,468
\$100,000 under \$200,000.....	54,855	7,174,960	134,550	49,675	1,291,022	**	**	54,848	5,724,215	54,855	1,379,534	54,855	1,379,534
\$200,000 under \$500,000.....	16,697	5,076,079	-	15,952	691,366	**	**	16,685	4,381,730	16,697	1,237,489	16,697	1,237,494
\$500,000 under \$1,000,000.....	4,754	3,320,536	-	4,174	542,811	**	**	4,740	2,779,461	4,753	800,587	4,754	800,609
\$1,000,000 or more.....	3,871	19,191,512	-	3,559	2,382,721	305	1,519	3,856	16,820,690	3,870	4,473,286	3,871	4,477,703
<b>Nontaxable returns, total.....</b>	<b>383,471</b>	<b>-816,746</b>	<b>2,091,814</b>	<b>87,474</b>	<b>1,549,951</b>	<b>233,507</b>	<b>1,085,345</b>	<b>92,407</b>	<b>539,660</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Footnotes at end of table



**Table 1.2--All Returns: Adjusted Gross Income, Exemptions, Deductions, and Tax Items, by Size of Adjusted Gross Income and by Marital Status--Continued**

(All figures are estimates based on samples--money amounts are in thousands of dollars)

Size of adjusted gross income	Returns of head of households												Total income tax	
	Adjusted gross income less deficit		Exemption amount		Total itemized deductions		Standard deduction		Taxable income		Income tax after credits		Total income tax	
	(40)	(41)	(42)	(43)	(44)	(45)	(46)	(47)	(48)	(49)	(50)	(51)	(52)	
All returns, total.....	19,506,611	537,877,405	149,974,211	3,984,708	63,175,015	15,417,117	108,219,296	13,216,206	257,788,205	7,094,941	31,336,335	7,094,941	31,336,335	
No adjusted gross income.....	104,786	-2,497,874	1,039,226	-	-	-	-	-	-	63	2,672	63	2,672	
\$1 under \$5,000.....	1,070,267	3,300,700	8,102,508	23,841	425,481	1,046,426	7,339,795	-	-	-	-	-	-	
\$5,000 under \$10,000.....	2,115,518	16,053,582	15,964,106	54,178	671,116	2,061,340	14,467,285	4,002	*1,730	*8	*92	*8	*92	
\$10,000 under \$15,000.....	2,818,666	35,045,525	22,004,637	88,512	1,075,343	2,730,154	19,201,554	599,986	663,069	105,383	18,811	105,383	18,811	
\$15,000 under \$20,000.....	2,944,084	51,365,940	23,282,019	152,444	1,714,086	2,791,640	19,601,248	2,323,730	8,049,501	304,637	135,413	304,637	135,413	
\$20,000 under \$25,000.....	2,515,884	56,300,395	19,945,962	251,410	2,981,121	2,264,474	15,858,597	2,411,139	17,833,950	353,428	271,766	353,428	271,766	
\$25,000 under \$30,000.....	1,883,534	51,728,375	14,932,774	354,446	4,272,551	1,529,088	10,717,981	1,856,160	21,979,189	893,323	838,289	893,323	838,289	
\$30,000 under \$40,000.....	2,454,533	84,948,638	18,787,023	838,311	10,884,787	1,616,223	11,342,776	2,432,215	44,025,799	1,936,323	3,338,764	1,936,323	3,338,764	
\$40,000 under \$50,000.....	1,469,427	65,309,104	10,884,829	680,369	9,334,077	789,053	5,542,988	1,466,294	39,648,401	1,396,100	4,107,348	1,396,100	4,107,348	
\$50,000 under \$75,000.....	1,459,207	86,992,881	10,489,752	974,354	16,592,800	484,853	3,413,170	1,453,801	56,551,092	1,436,789	7,507,542	1,436,789	7,507,542	
\$75,000 under \$100,000.....	**659,905	**74,649,315	**4,531,374	**566,844	**15,223,654	77,809	550,016	383,728	23,109,823	383,418	4,005,656	383,418	4,005,656	
\$100,000 under \$200,000.....	**	**	**	**	**	21,561	152,236	231,586	22,376,879	231,730	4,679,084	231,730	4,679,084	
\$200,000 under \$500,000.....	**	**	**	**	**	**4,118	**29,001	42,775	10,426,974	42,954	2,768,636	42,954	2,768,636	
\$500,000 under \$1,000,000.....	7,401	4,923,811	-	**	**	**	**	7,389	4,371,085	7,385	1,219,869	7,385	1,219,869	
\$1,000,000 under \$1,500,000.....	1,577	1,888,909	-	**	**	177	1,257	1,577	1,623,960	1,577	468,752	1,577	468,752	
\$1,500,000 under \$2,000,000.....	633	1,075,691	-	**	**	77	538	632	978,966	632	294,644	632	294,644	
\$2,000,000 under \$5,000,000.....	868	2,534,139	-	**	**	108	760	868	2,312,916	867	648,026	867	648,026	
\$5,000,000 under \$10,000,000.....	210	1,430,208	-	**	**	13	92	210	1,312,437	210	336,971	210	336,971	
\$10,000,000 or more.....	114	2,828,066	-	**	**	3	21	114	2,502,435	114	693,998	114	693,998	
Taxable returns, total.....	7,094,941	344,108,091	47,857,031	2,931,226	48,234,480	4,163,651	29,326,311	7,091,281	219,032,684	7,094,941	31,336,335	7,094,941	31,336,335	
No adjusted gross income.....	63	-96,823	557	-	-	-	-	-	-	63	2,672	63	2,672	
\$1 under \$5,000.....	-	-	-	-	-	-	-	-	-	-	-	-	-	
\$5,000 under \$10,000.....	*8	*56	*49	-	-	*8	*56	-	-	*8	*92	*8	*92	
\$10,000 under \$15,000.....	105,383	1,410,846	461,982	2,288	21,191	103,095	756,501	105,001	174,562	105,383	18,811	105,383	18,811	
\$15,000 under \$20,000.....	304,637	5,298,412	1,635,930	13,684	139,002	290,954	2,084,369	304,637	1,439,111	304,637	135,413	304,637	135,413	
\$20,000 under \$25,000.....	353,428	8,078,023	2,050,244	29,592	309,693	323,836	2,278,328	353,421	3,440,161	353,428	271,766	353,428	271,766	
\$25,000 under \$30,000.....	893,323	24,805,907	5,578,301	140,270	1,510,293	753,052	5,285,471	893,323	12,431,842	893,323	838,289	893,323	838,289	
\$30,000 under \$40,000.....	1,936,323	67,604,876	13,375,013	595,333	7,043,678	1,340,990	9,413,891	1,936,322	37,772,338	1,936,323	3,338,764	1,936,323	3,338,764	
\$40,000 under \$50,000.....	1,396,100	62,133,992	9,977,344	633,089	8,389,011	763,011	5,360,694	1,394,246	38,509,757	1,396,100	4,107,348	1,396,100	4,107,348	
\$50,000 under \$75,000.....	1,436,789	85,717,516	10,263,992	951,936	15,781,113	484,853	3,413,170	1,435,852	56,263,513	1,436,789	7,507,542	1,436,789	7,507,542	
\$75,000 under \$100,000.....	**658,102	**74,489,745	**4,513,620	**565,034	**15,040,501	77,809	550,016	383,371	23,106,202	383,418	4,005,656	383,418	4,005,656	
\$100,000 under \$200,000.....	**	**	**	**	**	21,554	152,187	231,586	22,375,660	231,730	4,679,084	231,730	4,679,084	
\$200,000 under \$500,000.....	**	**	**	**	**	**4,112	**28,959	42,754	10,422,912	42,954	2,768,636	42,954	2,768,636	
\$500,000 under \$1,000,000.....	7,385	4,913,516	-	**	**	7,384	4,368,858	7,385	4,368,858	7,385	1,219,869	7,385	1,219,869	
\$1,000,000 or more.....	3,400	9,752,024	-	**	**	3,400	2,669	3,400	8,727,767	3,400	2,442,392	3,400	2,442,392	
Nontaxable returns, total.....	12,411,670	193,769,314	102,117,179	1,053,481	14,940,535	11,253,466	78,892,985	6,124,925	38,755,522	-	-	-	-	

Footnotes at end of table

**Table 1.2--All Returns: Adjusted Gross Income, Exemptions, Deductions, and Tax Items, by Size of Adjusted Gross Income and by Marital Status--Continued**

(All figures are estimates based on samples--money amounts are in thousands of dollars)

Size of adjusted gross income	Returns of surviving spouses															
	Number of returns		Adjusted gross income less deficit		Exemption amount		Total itemized deductions		Standard deduction		Taxable income		Income tax after credits		Total income tax	
	(53)	(54)	(55)	(56)	(57)	(58)	(59)	(60)	(61)	(62)	(63)	(64)	(65)			
<b>All returns, total.....</b>	<b>83,179</b>	<b>3,408,431</b>	<b>666,769</b>	<b>31,873</b>	<b>695,327</b>	<b>49,579</b>	<b>475,762</b>	<b>55,047</b>	<b>1,836,370</b>	<b>42,666</b>	<b>294,226</b>	<b>42,666</b>	<b>294,226</b>			
No adjusted gross income.....	1,728	-77,258	13,562	-	-	-	-	-	-	-	-	-	-			
\$1 under \$5,000.....	*227	*495	2,076	227	6,639	-	-	-	-	-	-	-	-			
\$5,000 under \$10,000.....	*5,336	*43,328	32,550	402	6,492	4,934	48,762	-	-	-	-	-	-			
\$10,000 under \$15,000.....	13,831	162,007	114,657	953	10,594	12,877	122,336	-	-	-	-	-	-			
\$15,000 under \$20,000.....	*5,973	*107,155	66,808	1,991	24,259	3,982	37,833	*1,991	*552	**	**	**	**			
\$20,000 under \$25,000.....	*6,267	*132,255	44,300	953	9,663	5,313	50,474	*6,266	*27,827	**1,993	**902	**1,993	**902			
\$25,000 under \$30,000.....	*8,913	*240,927	59,610	2,942	28,788	5,971	56,726	*8,913	*95,803	*8,913	*5,011	*8,913	*5,011			
\$30,000 under \$40,000.....	*8,746	*299,393	80,759	3,948	77,400	4,798	45,579	**37,776	**1,454,863	**3,733	*3,277	*9,778	*3,277			
\$40,000 under \$50,000.....	13,656	616,609	115,434	5,901	139,104	7,754	75,587	**	**	**	**	12,087	*21,690			
\$50,000 under \$75,000.....	12,087	678,945	92,402	9,137	171,714	2,950	28,027	**	**	**	**	12,087	43,136			
\$75,000 under \$100,000.....	*6,241	*866,277	**44,599	**5,417	**220,673	**999	**10,439	**	**	**	**	12,087	43,136			
\$100,000 under \$200,000.....	**	**	**	**	**	**	**	**	**	**	**	*3,589	*20,998			
\$200,000 under \$500,000.....	**	**	**	**	**	**	**	**	**	**	**	*1,389	*34,965			
\$500,000 under \$1,000,000.....	*74	*57,872	-	**	**	-	-	**	**	**	**	*1,009	*73,695			
\$1,000,000 under \$1,500,000.....	*56	*68,289	-	**	**	-	-	**	**	**	**	*74	*13,422			
\$1,500,000 under \$2,000,000.....	*3	*5,213	-	**	**	-	-	**	**	**	**	*56	*16,064			
\$2,000,000 under \$5,000,000.....	35	118,261	-	**	**	-	-	*3	*4,833	*3	*1,590	35	30,091			
\$5,000,000 or more.....	*4	*28,816	-	**	**	-	-	*4	*26,108	*4	*8,812	*4	*8,812			
<b>Taxable returns, total.....</b>	<b>42,666</b>	<b>2,709,939</b>	<b>300,025</b>	<b>22,047</b>	<b>486,823</b>	<b>20,620</b>	<b>198,757</b>	<b>42,666</b>	<b>1,724,335</b>	<b>42,666</b>	<b>294,226</b>	<b>42,666</b>	<b>294,226</b>			
No adjusted gross income.....	-	-	-	-	-	-	-	-	-	-	-	-	-			
\$1 under \$5,000.....	-	-	-	-	-	-	-	-	-	-	-	-	-			
\$5,000 under \$10,000.....	-	-	-	-	-	-	-	-	-	-	-	-	-			
\$10,000 under \$15,000.....	-	-	-	-	-	-	-	-	-	-	-	-	-			
\$15,000 under \$20,000.....	**	**	**	-	-	**	**	**	**	**	**	**	**			
\$20,000 under \$25,000.....	**1,993	**40,109	**12,154	-	-	**1,993	**18,930	**1,993	**9,025	**1,993	**902	**1,993	**902			
\$25,000 under \$30,000.....	*8,913	*240,927	*59,610	*2,942	*28,788	*5,971	*56,726	*8,913	*95,803	*8,913	*5,011	*8,913	*5,011			
\$30,000 under \$40,000.....	*3,733	*127,483	*25,677	*927	*22,047	*2,806	*26,659	**31,659	**1,362,192	*3,733	*3,277	*3,733	*3,277			
\$40,000 under \$50,000.....	*9,778	*437,693	*68,641	*3,877	*57,752	*5,900	*57,977	**	**	**	**	*9,778	*21,690			
\$50,000 under \$75,000.....	12,087	678,945	92,402	9,137	171,714	2,950	28,027	12,087	43,136	12,087	43,136	12,087	43,136			
\$75,000 under \$100,000.....	**5,987	**846,485	**41,539	**5,164	**206,522	**999	**10,439	**	**	**	**	*3,589	*20,998			
\$100,000 under \$200,000.....	**	**	**	**	**	**	**	**	**	**	**	*1,389	*34,965			
\$200,000 under \$500,000.....	**	**	**	**	**	**	**	**	**	**	**	*1,009	*73,695			
\$500,000 under \$1,000,000.....	*74	*57,872	-	**	**	-	-	**	**	**	**	*74	*13,422			
\$1,000,000 or more.....	102	280,424	-	**	**	**	**	102	257,325	102	77,130	102	77,130			
<b>Nontaxable returns, total.....</b>	<b>40,513</b>	<b>698,492</b>	<b>366,744</b>	<b>9,826</b>	<b>208,503</b>	<b>28,959</b>	<b>277,005</b>	<b>12,381</b>	<b>112,036</b>	<b>12,381</b>	<b>-</b>	<b>-</b>	<b>-</b>			

Footnotes at end of table

**Table 1.2--All Returns: Adjusted Gross Income, Exemptions, Deductions, and Tax Items, by Size of Adjusted Gross Income and by Marital Status--Continued**  
(All figures are estimates based on samples--money amounts are in thousands of dollars)

Size of adjusted gross income	Returns of single persons														Total income tax	
	Adjusted gross income less deficit		Exemption amount		Total itemized deductions		Standard deduction		Taxable income		Income tax after credits		Total income tax			
	(66)	(67)	(68)	(69)	(70)	(71)	(72)	(73)	(74)	(75)	(76)	(77)	(78)			
All returns, total.....	57,002,781	1,479,280,867	153,463,184	12,542,255	191,639,919	43,368,586	199,337,375	42,119,367	1,003,815,305	40,112,112	172,326,371	40,112,114	172,326,413			
No adjusted gross income.....	1,091,940	-22,066,252	2,320,429	-	-	-	-	-	-	2,173	24,397	2,175	24,437			
\$1 under \$5,000.....	9,748,804	25,316,710	14,167,588	213,327	2,655,012	9,535,477	34,395,708	856,877	617,598	833,996	72,299	833,996	72,299			
\$5,000 under \$10,000.....	8,803,470	65,006,777	20,863,016	421,958	5,506,695	8,381,513	40,593,271	4,746,949	8,427,565	4,037,874	767,978	4,037,874	767,978			
\$10,000 under \$15,000.....	6,898,672	85,746,679	20,235,327	693,648	7,671,253	6,205,024	30,536,366	6,424,202	29,753,965	5,792,201	2,665,847	5,792,201	2,665,847			
\$15,000 under \$20,000.....	5,518,114	96,172,949	17,206,895	770,497	9,184,285	4,747,616	23,255,289	5,351,583	48,179,626	4,958,765	4,902,062	4,958,765	4,902,062			
\$20,000 under \$25,000.....	4,565,754	102,358,209	14,634,738	807,188	9,228,053	3,758,566	18,234,995	4,491,100	61,097,065	4,333,872	7,036,792	4,333,872	7,036,792			
\$25,000 under \$30,000.....	3,813,639	104,751,921	12,244,035	893,321	10,434,557	2,920,318	14,139,115	3,766,115	68,840,196	3,708,086	8,546,665	3,708,086	8,546,665			
\$30,000 under \$40,000.....	6,094,654	210,873,461	19,410,552	2,031,051	22,949,107	4,063,603	19,678,932	6,059,341	149,546,808	6,031,373	19,881,864	6,031,373	19,881,864			
\$40,000 under \$50,000.....	3,679,360	163,981,829	11,715,405	1,756,321	21,627,093	1,923,040	9,423,323	3,654,953	121,614,208	3,647,015	18,631,452	3,647,015	18,631,452			
\$50,000 under \$75,000.....	4,283,940	256,638,791	13,586,446	2,786,043	39,969,808	1,497,897	7,394,167	4,272,466	195,861,248	4,270,619	34,872,099	4,270,619	34,872,099			
\$75,000 under \$100,000.....	1,273,563	108,777,575	4,106,317	1,051,470	18,910,567	222,093	1,109,157	1,269,812	84,832,058	1,268,961	16,867,515	1,268,961	16,867,515			
\$100,000 under \$200,000.....	947,000	123,132,949	2,864,340	863,080	22,480,573	83,926	426,648	943,003	97,564,676	944,007	21,533,658	944,007	21,533,660			
\$200,000 under \$500,000.....	220,214	62,279,656	108,097	197,455	9,000,898	22,759	116,691	219,575	53,103,443	219,663	13,695,741	219,663	13,695,741			
\$500,000 under \$1,000,000.....	40,835	27,455,348	-	36,506	3,344,055	4,328	21,588	40,654	24,128,480	40,738	6,659,114	40,738	6,659,114			
\$1,000,000 under \$1,500,000.....	10,737	12,940,347	-	9,318	1,505,917	1,418	7,113	10,696	11,440,196	10,710	3,156,923	10,710	3,156,923			
\$1,500,000 under \$2,000,000.....	3,901	6,741,430	-	3,479	799,254	422	2,138	3,891	5,944,017	3,895	1,692,206	3,895	1,692,206			
\$2,000,000 under \$5,000,000.....	5,951	17,622,459	-	5,478	1,839,613	472	2,354	5,932	15,813,178	5,942	4,347,621	5,942	4,347,621			
\$5,000,000 under \$10,000,000.....	1,442	9,877,579	-	1,369	1,114,775	73	344	1,440	8,763,029	1,440	2,453,460	1,440	2,453,460			
\$10,000,000 or more.....	785	21,672,453	-	746	3,418,404	39	197	779	18,287,950	782	4,518,679	782	4,518,679			
<b>Taxable returns, total.....</b>	<b>40,112,114</b>	<b>1,406,461,569</b>	<b>110,784,248</b>	<b>11,128,038</b>	<b>163,128,095</b>	<b>28,981,900</b>	<b>138,841,375</b>	<b>40,103,617</b>	<b>995,155,029</b>	<b>40,112,112</b>	<b>172,326,371</b>	<b>40,112,114</b>	<b>172,326,413</b>			
No adjusted gross income.....	2,175	-1,195,734	6,815	-	-	-	-	-	-	2,173	24,397	2,175	24,437			
\$1 under \$5,000.....	833,996	2,487,977	6,094	7,882	13,369	826,114	1,874,702	831,998	609,211	833,996	72,299	833,996	72,299			
\$5,000 under \$10,000.....	4,037,874	31,310,589	4,475,228	19,639	77,561	4,018,236	18,911,901	4,036,733	7,847,102	4,037,874	767,978	4,037,874	767,978			
\$10,000 under \$15,000.....	5,792,201	72,157,924	15,312,226	355,995	2,602,583	5,436,205	26,842,873	5,792,089	27,416,207	5,792,201	2,665,847	5,792,201	2,665,847			
\$15,000 under \$20,000.....	4,958,765	86,479,692	14,626,578	573,446	4,901,769	4,385,319	21,528,558	4,958,763	45,422,936	4,958,765	4,902,062	4,958,765	4,902,062			
\$20,000 under \$25,000.....	4,333,872	97,186,622	13,409,194	711,875	6,730,665	3,621,997	17,583,108	4,333,872	59,463,635	4,333,872	7,036,792	4,333,872	7,036,792			
\$25,000 under \$30,000.....	3,708,086	101,876,149	11,690,310	821,154	8,010,273	2,886,932	13,980,530	3,708,077	68,195,145	3,708,086	8,546,665	3,708,086	8,546,665			
\$30,000 under \$40,000.....	6,031,373	208,741,446	19,090,461	1,977,308	20,843,691	4,054,065	19,632,320	6,031,365	149,175,495	6,031,373	19,881,864	6,031,373	19,881,864			
\$40,000 under \$50,000.....	3,647,015	162,555,886	11,577,303	1,725,999	20,077,037	1,921,016	9,413,712	3,646,965	121,490,111	3,647,015	18,631,452	3,647,015	18,631,452			
\$50,000 under \$75,000.....	4,270,619	255,839,401	13,534,127	2,773,085	39,141,890	1,497,534	7,392,442	4,269,414	195,781,632	4,270,619	34,872,099	4,270,619	34,872,099			
\$75,000 under \$100,000.....	1,268,961	108,401,811	4,091,979	1,047,866	18,476,920	221,095	1,104,417	1,268,559	84,756,018	1,268,961	16,867,515	1,268,961	16,867,515			
\$100,000 under \$200,000.....	944,007	122,696,779	2,856,114	860,095	21,930,667	83,911	428,577	942,915	97,559,337	944,007	21,533,658	944,007	21,533,660			
\$200,000 under \$500,000.....	219,663	62,123,335	107,819	196,929	8,824,477	22,734	116,573	219,501	53,086,959	219,663	13,695,741	219,663	13,695,741			
\$500,000 under \$1,000,000.....	40,738	27,389,804	-	36,416	3,272,576	4,321	21,534	40,635	24,117,500	40,738	6,659,114	40,738	6,659,114			
\$1,000,000 or more.....	22,769	68,409,888	-	20,348	8,224,656	2,421	12,127	22,727	60,233,741	22,769	16,168,889	22,769	16,168,889			
<b>Non-taxable returns, total.....</b>	<b>16,890,668</b>	<b>72,819,298</b>	<b>42,678,936</b>	<b>1,414,217</b>	<b>28,511,825</b>	<b>14,386,686</b>	<b>60,496,000</b>	<b>2,015,750</b>	<b>8,660,276</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>			

\* Estimate should be used with caution due to the small number of sample returns on which it is based.  
\*\* Data combined to prevent disclosure of taxpayer information.  
NOTE: Detail may not add to totals because of rounding.

**Table 1.3 -- All Returns: Sources of Income, Adjustments, Deductions, Credits, and Tax Items, by Marital Status**

(All figures are estimates based on samples--money amounts are in thousands of dollars)

Item	All returns		Joint returns of married persons		Separate returns of married persons	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
Adjusted gross income less deficit.....	130,423,626	6,207,108,793	51,510,779	4,087,730,352	2,320,275	98,811,737
Salaries and wages.....	110,890,993	4,649,900,493	44,085,544	2,981,251,682	1,941,543	71,525,740
Taxable interest.....	59,459,344	127,159,692	33,465,717	80,654,446	816,830	2,753,514
Tax-exempt interest.....	4,524,955	53,750,230	2,625,900	33,730,104	61,374	1,277,712
Ordinary dividends.....	30,475,097	115,141,232	17,858,231	72,777,527	398,596	2,661,016
Qualified dividends.....	22,449,379	80,994,736	13,285,122	52,216,041	294,167	1,824,184
State income tax refunds.....	24,655,907	23,425,623	16,137,981	17,167,271	493,682	402,504
Alimony received.....	431,368	6,470,712	19,591	241,272	4,788	84,722
Business or profession:						
Net income.....	14,442,334	268,581,833	8,575,887	191,245,480	238,084	5,460,105
Net loss.....	4,973,314	38,926,548	3,194,114	25,886,893	94,241	976,520
Sales of capital assets:						
Net gain in AGI.....	10,176,755	323,306,031	6,042,940	243,052,321	129,392	10,206,412
Net loss in AGI.....	12,808,303	28,952,022	7,522,968	17,374,362	181,432	212,441
Sales of property other than capital assets.....	1,753,860	-330,359	1,289,463	596,254	27,913	-200,654
Taxable IRA distributions.....	8,611,702	88,335,605	5,242,040	61,020,591	92,148	778,842
Pensions and annuities in AGI.....	22,822,842	372,931,442	12,980,128	244,306,329	293,102	4,959,465
Rent and royalty:						
Net income.....	5,676,820	67,212,860	3,830,071	49,047,888	73,631	1,066,148
Net loss.....	4,940,130	40,950,539	3,320,573	28,037,575	48,674	481,407
Farm rental income less loss.....	608,551	2,939,346	391,566	1,821,003	6,919	39,533
Partnership and S Corporation net income less loss.....	7,006,580	254,057,122	4,949,789	211,523,758	125,856	4,773,594
Estate and trust net income less loss.....	532,533	12,414,793	247,685	6,092,691	10,835	507,422
Farm net income less loss.....	1,997,116	-12,371,492	1,571,502	-9,749,632	18,415	-191,417
Unemployment compensation.....	10,065,230	44,007,879	4,837,246	22,466,197	157,391	699,237
Social security benefits in AGI.....	10,975,002	97,768,201	7,157,272	71,553,758	164,603	1,309,057
Other income less loss.....	5,703,893	21,289,227	3,461,436	13,894,543	78,985	378,533
Total statutory adjustments.....	30,382,069	87,575,677	17,562,200	61,720,474	386,728	1,480,581
IRA payments.....	3,418,494	10,006,814	2,170,129	7,377,144	33,120	79,191
Student loan interest deduction.....	6,953,370	4,409,816	3,695,288	2,564,671	--	--
Educator expenses deduction.....	3,240,673	805,734	2,154,133	554,943	49,853	11,493
Tuition and fees deduction.....	3,571,154	6,683,631	2,081,631	4,025,692	--	--
Payments to a Keogh plan.....	1,208,801	17,795,957	938,935	14,028,493	17,039	243,989
Deduction for self-employment tax.....	15,373,279	19,791,285	9,422,485	14,264,674	259,498	372,443
Self-employed health insurance deduction.....	3,802,277	16,454,211	2,566,223	12,973,968	43,837	204,615
Moving expenses adjustment.....	1,023,888	2,439,835	536,932	1,521,397	18,891	44,879
Medical savings account deduction.....	67,347	129,214	51,057	109,454	12	41
Certain business expenses of reservist, performing artists, etc.....	*5,310	*22,583	*1,054	*2,853	--	--
Total itemized deductions.....	43,949,591	901,864,834	26,361,452	630,665,399	1,029,303	15,689,174
Medical and dental expenses deduction.....	8,678,320	56,007,076	4,575,003	27,796,349	171,280	720,898
Taxes paid deduction.....	43,061,888	310,896,704	26,146,326	229,615,321	996,389	5,319,191
Interest paid deduction.....	36,211,578	340,319,125	23,757,552	246,949,442	708,122	5,716,176
Contributions deduction.....	38,626,902	145,702,137	24,293,759	107,330,409	791,059	2,811,882
Casualty or theft loss deduction.....	89,781	1,604,516	39,952	1,000,091	968	129,239
Total miscellaneous deductions.....	12,494,621	76,282,323	6,650,249	42,371,386	289,915	1,788,172
Basic standard deduction.....	84,643,281	539,921,089	24,596,583	232,419,175	1,211,416	5,624,630
Additional standard deduction.....	11,200,647	15,858,963	5,855,002	9,617,399	88,591	86,415
Taxable income.....	101,392,812	4,200,218,439	43,974,131	2,862,490,539	2,028,061	74,288,019
Alternative minimum tax.....	2,357,975	9,469,803	1,790,075	7,354,691	93,438	298,452
Total tax credits.....	41,091,029	41,995,756	23,212,193	28,874,802	480,943	683,445
Child care credit.....	6,313,297	3,206,890	4,036,949	1,959,372	36,149	19,645
Credit for the elderly or disabled.....	123,147	20,257	13,989	2,261	5,058	677
Child tax credit.....	25,672,254	22,788,025	16,576,732	16,706,043	322,343	264,878
Education credit.....	7,298,227	5,843,029	3,955,971	3,545,865	--	--
Retirement savings contribution credit.....	5,296,688	1,034,394	2,702,577	619,120	53,088	9,889
Foreign tax credit.....	4,145,174	5,805,555	2,636,290	4,162,653	67,326	321,195
Earned income credit used to offset income tax before credits.....	3,606,251	926,381	422,150	91,734	--	--
Minimum tax credit.....	250,605	916,538	185,793	734,092	6,087	13,442
General business credit.....	262,738	612,744	191,842	471,255	3,457	11,599
Empowerment zone and renewal community employment credit.....	22,553	83,449	16,817	63,238	91	701
Nonconventional source fuel credit.....	6,435	18,406	3,721	17,284	26	375
New York liberty zone credit.....	2,665	55,466	2,267	47,504	25	242
Income tax after credits.....	88,921,898	748,010,125	39,735,378	529,446,814	1,936,801	14,606,378
Total income tax.....	88,921,904	748,017,488	39,735,379	529,448,677	1,936,804	14,611,837
Total tax liability.....	92,452,597	787,584,165	41,371,617	558,128,520	2,006,906	15,422,235
Total tax payments.....	119,752,616	926,773,295	48,461,897	635,991,265	2,072,262	16,474,016
Income tax withheld.....	114,861,706	703,758,484	46,444,113	467,077,716	1,960,494	10,547,427
Estimated tax payments.....	11,576,213	182,906,911	6,848,674	137,967,582	174,816	4,412,966
Overpayment refunded.....	102,004,984	219,751,889	38,331,084	114,450,350	1,404,518	2,290,095
Tax due at time of filing.....	21,072,333	73,741,408	10,092,869	51,141,562	751,603	2,270,389

Footnotes at end of table.

**Table 1.3 -- All Returns: Sources of Income, Adjustments, Deductions, Credits, and Tax Items, by Marital Status--Continued**

(All figures are estimates based on samples--money amounts are in thousands of dollars)

Item	Returns of heads of households		Returns of surviving spouses		Returns of single persons	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(7)	(8)	(9)	(10)	(11)	(12)
Adjusted gross income less deficit.....	19,506,611	537,877,405	83,179	3,408,431	57,002,781	1,479,280,867
Salaries and wages.....	18,162,017	477,113,307	64,742	2,122,183	46,637,147	1,117,887,581
Taxable interest.....	3,656,646	2,879,501	51,147	126,423	21,469,005	40,745,808
Tax-exempt interest.....	114,898	711,319	1,755	35,914	1,721,027	17,995,181
Ordinary dividends.....	1,281,886	2,644,953	25,232	101,544	10,911,153	36,956,193
Qualified dividends.....	814,284	1,693,349	22,520	58,680	8,033,288	25,202,483
State income tax refunds.....	2,143,007	1,623,720	21,356	18,423	5,859,881	4,213,705
Alimony received.....	178,217	2,647,942	--	--	228,773	3,496,776
Business or profession:						
Net income.....	1,789,385	21,063,659	7,217	133,887	3,831,761	50,678,703
Net loss.....	415,982	2,982,913	1,022	4,734	1,267,955	9,075,489
Sales of capital assets:						
Net gain in AGI.....	383,510	6,917,689	6,589	74,262	3,614,324	63,055,347
Net loss in AGI.....	525,690	1,103,359	16,603	47,829	4,561,610	10,214,032
Sales of property other than capital assets.....	47,994	-55,569	529	-589	387,961	-669,801
Taxable IRA distributions.....	337,049	2,889,180	971	2,464	2,939,495	23,644,528
Pensions and annuities in AGI.....	1,448,073	14,947,297	25,838	502,943	8,075,700	108,215,409
Rent and royalty:						
Net income.....	236,214	1,903,194	4,448	32,231	1,532,457	15,163,400
Net loss.....	348,882	3,214,564	2,558	13,238	1,219,443	9,203,754
Farm rental income less loss.....	14,548	67,390	10	435	195,508	1,010,986
Partnership and S Corporation net income less loss.....	246,033	6,979,335	4,332	121,242	1,680,570	30,659,194
Estate and trust net income less loss.....	12,319	537,129	71	57,353	261,623	5,220,198
Farm net income less loss.....	45,767	-309,051	661	-22,212	360,770	-2,099,179
Unemployment compensation.....	1,791,698	7,387,951	1,879	6,901	3,277,016	13,447,592
Social security benefits in AGI.....	266,350	1,726,823	13,669	75,696	3,373,108	23,102,866
Other income less loss.....	476,928	479,272	5,610	190,832	1,680,934	6,346,046
Total statutory adjustments.....	3,371,936	5,585,340	20,474	30,514	9,040,731	18,758,768
IRA payments.....	281,734	462,047	2,903	7,007	930,608	2,081,425
Student loan interest deduction.....	695,366	343,004	2,950	1,361	2,559,765	1,500,779
Educator expenses deduction.....	312,909	73,703	3,021	278	720,756	165,316
Tuition and fees deduction.....	401,694	782,057	2,570	2,212	1,085,259	1,873,670
Payments to a Keogh plan.....	36,287	595,366	208	5,856	216,331	2,922,253
Deduction for self-employment tax.....	1,762,243	1,459,498	8,517	8,233	3,920,535	3,686,436
Self-employed health insurance deduction.....	189,308	628,084	626	5,559	1,002,284	2,641,985
Moving expenses adjustment.....	77,542	148,734	--	--	390,522	724,826
Medical savings account deduction.....	*1,195	*2,807	--	--	*15,082	*16,912
Certain business expenses of reservist, performing artists, etc.....	*4,047	*19,578	--	--	*209	*151
Total itemized deductions.....	3,984,708	63,175,015	31,873	695,327	12,542,255	191,639,919
Medical and dental expenses deduction.....	784,397	2,631,545	8,922	40,479	3,138,718	24,817,804
Taxes paid deduction.....	3,901,908	17,715,208	31,471	209,775	11,985,795	58,037,209
Interest paid deduction.....	3,367,581	27,407,723	29,125	323,297	8,349,198	59,922,487
Contributions deduction.....	3,406,457	7,908,204	31,831	75,729	10,103,795	27,575,913
Casualty or theft loss deduction.....	12,826	65,460	--	--	36,036	409,727
Total miscellaneous deductions.....	1,497,691	7,984,520	8,157	61,765	4,048,610	24,076,480
Basic standard deduction.....	15,417,117	107,788,474	49,579	470,999	43,368,586	193,617,810
Additional standard deduction.....	370,017	430,822	5,013	4,762	4,882,025	5,719,565
Taxable income.....	13,216,206	257,788,205	55,047	1,836,370	42,119,367	1,003,815,305
Alternative minimum tax.....	192,344	467,299	1,397	6,911	280,720	1,342,451
Total tax credits.....	10,342,418	8,385,424	39,109	40,969	7,016,366	4,011,116
Child care credit.....	2,106,634	1,157,169	5,900	1,269	127,666	69,435
Credit for the elderly or disabled.....	*6,813	*751	--	--	*97,286	*16,569
Child tax credit.....	7,934,753	5,239,724	29,305	27,176	809,122	550,204
Education credit.....	944,234	699,607	5,212	2,782	2,392,810	1,594,775
Retirement savings contribution credit.....	1,406,550	236,893	--	--	1,134,472	168,491
Foreign tax credit.....	107,987	260,775	2,915	1,283	1,330,656	1,059,649
Earned income credit used to offset income tax before credits.....	1,906,951	677,382	6,919	1,429	1,270,232	155,837
Minimum tax credit.....	10,636	15,757	43	69	48,046	153,178
General business credit.....	1,320	6,826	274	422	65,845	122,642
Empowerment zone and renewal community employment credit.....	1,213	1,778	42	2,493	4,390	15,240
Nonconventional source fuel credit.....	*12	*15	--	--	*2,676	*732
New York liberty zone credit.....	*252	*2,992	--	--	*121	*4,728
Income tax after credits.....	7,094,941	31,336,335	42,666	294,226	40,112,112	172,326,371
Total income tax.....	7,094,941	31,336,335	42,666	294,226	40,112,114	172,326,413
Total tax liability.....	7,364,322	33,183,516	47,156	303,994	41,662,595	180,545,901
Total tax payments.....	17,809,431	58,563,875	69,304	493,122	51,339,721	215,251,018
Income tax withheld.....	17,598,631	53,142,559	68,549	353,693	48,789,918	172,637,089
Estimated tax payments.....	351,052	4,349,253	2,710	97,634	4,198,960	36,079,476
Overpayment refunded.....	18,278,263	53,972,943	75,985	241,029	43,915,135	48,797,472
Tax due at time of filing.....	1,007,884	2,728,137	2,227	11,004	9,217,750	17,590,315

\* Estimate should be used with caution due to the small number of sample returns on which it is based.

NOTE: Detail may not add to total because of rounding.

**Table 1.4--All Returns: Sources of Income, Adjustments, and Tax Items, by Size of Adjusted Gross Income**

(All figures are estimates based on samples--money amounts are in thousands of dollars.)

Size of adjusted gross income	Number of returns	Adjusted gross income less deficit	Salaries and wages		Taxable interest		Tax-exempt interest		Ordinary dividends		Qualified dividends	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
<b>All returns, total.....</b>	<b>130,423,626</b>	<b>6,207,106,793</b>	<b>110,890,993</b>	<b>4,649,900,493</b>	<b>59,459,344</b>	<b>127,159,692</b>	<b>4,524,955</b>	<b>53,750,230</b>	<b>30,475,097</b>	<b>115,141,232</b>	<b>22,449,379</b>	<b>80,994,736</b>
No adjusted gross income.....	1,813,840	-80,477,587	681,100	15,842,577	877,874	4,445,953	88,124	1,409,781	717,460	2,073,421	538,806	1,187,059
\$1 under \$5,000.....	11,697,628	31,038,757	9,200,143	28,588,778	2,969,085	1,643,953	123,695	397,168	1,578,436	1,235,689	1,097,377	627,217
\$5,000 under \$10,000.....	12,503,409	93,177,705	9,781,131	69,234,682	3,308,116	3,456,291	163,316	680,418	1,380,620	2,006,274	926,155	870,172
\$10,000 under \$15,000.....	12,002,004	149,440,301	9,273,080	106,747,036	3,364,626	4,848,900	181,177	855,375	1,583,114	2,460,006	1,120,992	1,213,699
\$15,000 under \$20,000.....	11,293,967	197,178,297	9,195,561	148,814,041	3,381,475	5,163,829	197,926	889,560	1,560,329	2,708,681	1,076,136	1,469,307
\$20,000 under \$25,000.....	9,831,150	220,503,762	8,399,874	177,050,712	3,030,189	4,796,162	157,556	1,233,682	1,303,320	2,493,638	912,619	1,243,827
\$25,000 under \$30,000.....	8,541,753	234,586,965	7,558,414	194,801,367	2,856,628	3,552,524	141,481	1,070,871	1,236,054	2,121,102	844,102	1,088,721
\$30,000 under \$40,000.....	13,957,257	484,774,627	12,430,251	400,770,293	5,845,710	7,113,008	313,398	1,950,196	2,424,785	4,175,498	1,740,764	2,329,807
\$40,000 under \$50,000.....	10,452,444	467,518,979	9,363,199	383,634,316	5,364,288	6,547,809	354,141	2,033,209	2,401,322	4,592,690	1,760,162	2,748,419
\$50,000 under \$75,000.....	17,372,492	1,065,749,827	15,802,428	867,877,572	11,130,308	14,273,119	656,745	4,625,825	5,261,424	10,784,239	3,792,836	6,383,396
\$75,000 under \$100,000.....	9,542,599	820,884,076	8,627,863	673,487,463	7,232,518	10,932,954	540,984	4,160,348	3,913,100	9,042,670	2,915,199	6,287,579
\$100,000 under \$200,000.....	8,878,643	1,170,179,856	8,181,957	916,150,243	7,673,164	18,511,018	858,736	9,256,709	5,075,118	19,504,130	3,948,047	14,539,953
\$200,000 under \$500,000.....	1,995,016	576,309,296	1,743,956	368,433,219	1,897,528	12,890,148	490,747	8,997,360	1,555,308	15,644,668	1,334,764	12,139,244
\$500,000 under \$1,000,000.....	356,140	241,211,330	301,914	125,160,759	348,508	6,932,606	151,322	4,903,234	315,791	8,823,871	286,673	7,233,392
\$1,000,000 under \$1,500,000.....	81,695	98,875,460	67,026	42,557,134	80,475	3,447,446	42,446	2,240,160	75,085	3,964,349	68,494	3,214,045
\$1,500,000 under \$2,000,000.....	34,016	58,497,902	28,236	23,148,496	33,729	2,091,307	19,675	1,334,480	31,650	2,544,038	28,966	2,015,851
\$2,000,000 under \$5,000,000.....	48,278	142,219,690	40,191	50,954,805	47,910	5,389,030	30,476	3,436,044	45,414	6,809,856	41,654	5,445,232
\$5,000,000 under \$10,000,000.....	11,168	76,311,438	9,506	24,087,588	11,109	3,148,923	8,120	1,638,362	10,791	3,907,320	10,022	3,101,866
\$10,000,000 or more.....	6,126	159,126,112	5,163	32,559,413	6,105	7,974,713	4,890	2,637,448	5,978	10,049,091	5,613	7,855,948
<b>Taxable returns, total.....</b>	<b>88,921,904</b>	<b>5,746,566,751</b>	<b>77,899,370</b>	<b>4,198,637,208</b>	<b>48,411,471</b>	<b>111,026,195</b>	<b>3,895,706</b>	<b>48,044,404</b>	<b>25,167,939</b>	<b>105,301,379</b>	<b>18,774,423</b>	<b>75,952,035</b>
No adjusted gross income.....	4,522	-5,084,991	2,461	347,821	3,554	558,129	798	93,719	2,339	192,522	1,870	114,976
\$1 under \$5,000.....	835,922	2,494,291	489,929	1,544,684	469,881	325,671	27,740	22,295	386,819	321,802	311,940	193,220
\$5,000 under \$10,000.....	4,116,242	31,995,562	3,709,940	27,443,375	1,119,790	692,887	45,894	113,289	439,185	421,736	308,730	238,413
\$10,000 under \$15,000.....	6,042,925	75,393,049	4,729,512	55,038,265	1,870,083	2,788,364	88,868	279,113	834,846	1,263,278	596,780	637,863
\$15,000 under \$20,000.....	6,304,103	110,625,566	4,995,966	80,119,989	2,150,579	3,393,988	129,840	606,709	1,003,487	1,786,965	704,871	1,012,729
\$20,000 under \$25,000.....	6,095,228	137,029,808	4,977,450	103,792,040	2,254,053	3,939,035	123,068	865,067	1,000,174	1,942,054	707,250	954,687
\$25,000 under \$30,000.....	6,092,090	167,694,124	5,245,830	134,773,467	2,198,881	3,048,177	107,833	727,134	981,540	1,640,759	684,337	826,414
\$30,000 under \$40,000.....	11,856,081	413,146,253	10,466,739	337,402,241	5,147,630	6,305,974	275,529	1,552,179	2,138,484	3,667,007	1,530,475	2,035,922
\$40,000 under \$50,000.....	9,668,366	432,975,517	8,633,595	353,839,142	5,010,813	5,998,964	330,483	1,748,448	2,247,098	4,101,609	1,641,766	2,467,182
\$50,000 under \$75,000.....	17,024,921	1,045,511,568	15,498,058	852,207,067	10,917,014	13,725,277	637,631	4,256,997	5,152,470	10,358,941	3,709,411	6,157,879
\$75,000 under \$100,000.....	9,486,123	816,206,695	8,783,610	670,331,024	7,189,224	10,758,418	530,242	3,846,345	3,882,109	8,790,310	2,887,124	6,104,842
\$100,000 under \$200,000.....	8,861,764	1,167,988,946	8,171,804	915,183,645	7,657,089	18,208,639	851,364	8,886,385	5,061,470	19,222,693	3,935,451	14,349,660
\$200,000 under \$500,000.....	1,996,787	575,673,389	1,742,760	368,244,176	1,995,558	12,702,387	489,931	8,911,352	1,553,659	15,627,320	1,333,388	12,066,308
\$500,000 under \$1,000,000.....	355,750	240,943,755	301,706	125,111,352	348,173	6,855,182	151,165	4,879,721	315,501	8,785,532	286,419	7,206,460
\$1,000,000 or more.....	181,080	533,985,221	150,010	173,258,921	179,149	21,725,102	105,521	11,255,653	168,758	27,178,852	154,612	21,585,480
<b>Nontaxable returns, total.....</b>	<b>41,501,722</b>	<b>460,540,042</b>	<b>32,991,623</b>	<b>451,263,285</b>	<b>11,047,873</b>	<b>16,133,496</b>	<b>629,249</b>	<b>5,705,825</b>	<b>5,307,159</b>	<b>9,839,853</b>	<b>3,674,957</b>	<b>5,042,701</b>

Footnotes at end of table.

**Table 1.4--All Returns: Sources of Income, Adjustments, and Tax Items, by Size of Adjusted Gross Income--Continued**

(All figures are estimates based on samples--money amounts are in thousands of dollars.)

Size of adjusted gross income	State income tax refunds		Alimony received		Business or profession				Capital gain distributions		Capital gain distributions (post 5/5/03)			
	Number of returns	Amount	Number of returns	Amount	Net income		Net loss		Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
					(13)	(14)	(15)	(16)						
<b>All returns, total.....</b>	<b>24,655,907</b>	<b>23,425,623</b>	<b>431,368</b>	<b>6,470,712</b>	<b>14,442,334</b>	<b>269,581,833</b>	<b>4,973,314</b>	<b>39,926,548</b>	<b>1,095,371</b>	<b>332,293</b>	<b>748,350</b>	<b>188,578</b>		
No adjusted gross income.....	84,202	252,280	3,443	63,035	170,783	2,149,014	390,007	8,664,063	8,474	2,950	6,189	1,545		
\$1 under \$5,000.....	112,122	63,885	14,032	73,698	1,197,766	3,654,636	138,821	733,329	101,205	24,266	70,268	8,239		
\$5,000 under \$10,000.....	220,297	108,381	23,783	137,145	1,616,533	10,468,707	165,268	1,161,245	64,522	23,127	31,734	2,892		
\$10,000 under \$15,000.....	364,463	161,252	44,773	401,495	1,498,442	13,946,606	239,353	1,624,570	59,224	14,133	39,479	4,127		
\$15,000 under \$20,000.....	522,071	255,068	42,176	275,754	1,025,599	11,829,670	270,255	1,689,841	63,806	23,416	46,628	15,610		
\$20,000 under \$25,000.....	673,000	319,439	43,527	395,506	838,871	10,255,670	301,450	1,848,499	51,296	26,512	27,747	2,300		
\$25,000 under \$30,000.....	858,689	421,260	27,203	278,435	738,199	9,681,959	300,871	1,761,329	45,726	17,116	33,237	9,417		
\$30,000 under \$40,000.....	2,312,713	1,150,310	70,386	708,559	1,269,830	17,792,224	505,190	3,134,221	87,116	11,520	65,223	6,862		
\$40,000 under \$50,000.....	2,693,056	1,562,219	55,134	688,091	1,049,486	15,022,525	501,117	2,875,730	87,106	9,147	62,168	4,917		
\$50,000 under \$75,000.....	6,452,474	4,257,598	65,028	1,481,590	1,984,892	32,961,232	939,793	4,893,557	188,754	81,096	119,186	70,097		
\$75,000 under \$100,000.....	4,591,424	3,569,046	**41,894	**1,967,403	1,199,941	26,770,303	545,925	2,881,898	**338,142	**99,009	100,381	21,561		
\$100,000 under \$200,000.....	4,525,726	5,021,706	**	**	1,338,203	54,234,780	509,331	3,635,194	**	**	**142,897	**39,292		
\$200,000 under \$500,000.....	965,489	2,445,880	**	**	414,502	38,520,139	130,973	1,706,896	**	**	**	**		
\$500,000 under \$1,000,000.....	178,913	1,154,645	**	**	68,282	11,216,926	21,772	760,887	**	**	2,378	1,243		
\$1,000,000 under \$1,500,000.....	43,185	503,374	**	**	14,417	3,383,195	5,569	270,541	**	**	595	369		
\$1,500,000 under \$2,000,000.....	19,091	312,131	**	**	5,526	1,423,238	2,494	160,553	**	**	98	43		
\$2,000,000 under \$5,000,000.....	28,073	789,698	**	**	8,059	2,892,916	3,674	459,470	**	**	122	55		
\$5,000,000 under \$10,000,000.....	6,900	406,730	**	**	1,959	1,151,622	859	198,847	**	**	10	2		
\$10,000,000 or more.....	4,007	670,922	**	**	1,044	1,226,471	592	465,878	**	**	8	6		
<b>Taxable returns, total.....</b>	<b>22,339,960</b>	<b>21,616,749</b>	<b>325,928</b>	<b>5,641,320</b>	<b>8,629,187</b>	<b>216,317,884</b>	<b>3,516,557</b>	<b>22,922,189</b>	<b>904,186</b>	<b>279,585</b>	<b>628,332</b>	<b>171,723</b>		
No adjusted gross income.....	328	6,298	--	--	1,316	156,785	648	126,201	*6	(Z)	*6	(Z)		
\$1 under \$5,000.....	*2,945	*2,723	--	--	18,120	39,302	*4,635	*6,766	37,637	9,612	27,680	2,484		
\$5,000 under \$10,000.....	23,613	11,681	*6,673	*34,754	182,689	1,139,796	24,553	98,894	20,578	6,203	9,671	350		
\$10,000 under \$15,000.....	122,399	44,034	21,091	174,138	393,676	3,562,940	78,179	404,507	39,265	8,318	26,634	1,009		
\$15,000 under \$20,000.....	269,556	104,173	20,793	174,194	423,499	4,629,145	127,359	709,756	43,116	16,536	29,384	12,924		
\$20,000 under \$25,000.....	417,971	169,406	27,633	259,117	408,315	4,458,162	166,480	900,065	37,415	25,475	19,600	1,743		
\$25,000 under \$30,000.....	594,271	254,109	24,587	260,892	418,085	5,218,567	186,242	1,000,231	35,717	16,867	25,420	9,280		
\$30,000 under \$40,000.....	1,903,702	869,723	65,242	646,269	933,577	12,939,451	380,885	2,270,963	80,879	10,624	62,121	6,494		
\$40,000 under \$50,000.....	2,391,719	1,317,208	53,280	654,724	904,871	12,749,372	422,566	2,450,961	85,075	7,105	62,160	4,771		
\$50,000 under \$75,000.....	6,281,027	4,057,178	64,784	1,470,415	1,905,727	31,090,324	908,494	4,566,091	186,413	80,350	119,174	70,096		
\$75,000 under \$100,000.....	4,567,215	3,526,178	**41,845	**1,966,817	1,190,987	26,461,480	543,472	2,832,704	**338,088	**98,497	100,378	21,561		
\$100,000 under \$200,000.....	4,520,366	4,998,621	**	**	1,334,973	54,096,337	507,455	3,584,044	**	**	**142,891	**39,292		
\$200,000 under \$500,000.....	964,849	2,433,344	**	**	414,138	38,493,363	130,712	1,668,033	**	**	**	**		
\$500,000 under \$1,000,000.....	178,804	1,148,482	**	**	68,231	11,212,482	21,724	755,376	**	**	2,378	1,243		
\$1,000,000 or more.....	101,193	2,673,592	**	**	30,983	10,070,378	13,153	1,547,595	**	**	834	475		
<b>Nontaxable returns, total.....</b>	<b>2,315,946</b>	<b>1,808,874</b>	<b>105,440</b>	<b>829,392</b>	<b>5,813,146</b>	<b>52,263,949</b>	<b>1,456,757</b>	<b>16,004,359</b>	<b>191,185</b>	<b>52,708</b>	<b>120,018</b>	<b>16,855</b>		

Footnotes at end of table.

Table 1.4--All Returns: Sources of Income, Adjustments, and Tax Items, by Size of Adjusted Gross Income--Continued

(All figures are estimates based on samples--money amounts are in thousands of dollars.)

Size of adjusted gross income	Sales of capital assets reported on Form 1040, Schedule D											
	Taxable net gain		Taxable net loss		Net capital gain before exclusion/loss before limitation (post 5/5/03)		Short-term capital gain		Short-term capital loss		Short-term capital gain (post 5/5/03)	
	Number of returns (25)	Amount (26)	Number of returns (27)	Amount (28)	Number of returns (29)	Amount (30)	Number of returns (31)	Amount (32)	Number of returns (33)	Amount (34)	Number of returns (35)	Amount (36)
<b>All returns, total.....</b>	<b>9,081,384</b>	<b>322,973,738</b>	<b>12,808,303</b>	<b>28,952,022</b>	<b>5,894,348</b>	<b>196,351,961</b>	<b>3,919,314</b>	<b>37,355,071</b>	<b>5,815,548</b>	<b>154,566,974</b>	<b>2,015,686</b>	<b>13,260,352</b>
No adjusted gross income.....	132,346	6,909,984	759,072	1,946,757	80,858	3,796,772	78,482	1,596,349	399,126	16,022,469	84,849	948,435
\$1 under \$5,000.....	395,420	643,762	603,584	1,285,310	244,010	410,096	145,135	165,678	258,422	3,640,716	58,242	201,208
\$5,000 under \$10,000.....	355,451	928,143	572,670	1,282,550	217,526	599,596	132,093	332,545	219,219	4,005,510	62,130	231,664
\$10,000 under \$15,000.....	380,433	1,071,854	629,352	1,321,734	226,427	556,134	165,646	313,624	208,188	3,461,542	61,659	211,383
\$15,000 under \$20,000.....	491,280	1,888,457	532,023	1,157,737	238,417	894,998	161,940	448,497	205,455	3,536,776	74,218	194,874
\$20,000 under \$25,000.....	403,003	1,639,551	464,462	1,051,324	249,102	907,341	134,687	378,371	205,098	3,245,941	56,088	178,034
\$25,000 under \$30,000.....	330,790	1,434,441	482,048	1,024,833	195,656	791,444	137,917	417,570	197,947	3,164,026	78,529	237,468
\$30,000 under \$40,000.....	653,236	3,124,010	949,525	2,033,898	396,983	1,597,122	254,939	806,061	396,595	5,610,681	144,218	504,546
\$40,000 under \$50,000.....	690,743	3,437,332	954,658	2,055,972	469,743	2,083,492	265,408	658,458	415,419	7,319,301	141,862	395,832
\$50,000 under \$75,000.....	1,505,999	10,720,772	2,036,517	4,468,260	947,828	5,904,165	660,823	1,746,073	833,634	14,384,599	313,577	1,138,007
\$75,000 under \$100,000.....	1,181,007	11,798,336	1,560,357	3,468,620	778,675	6,683,958	504,502	1,898,660	706,259	12,302,058	258,806	1,097,717
\$100,000 under \$200,000.....	1,674,130	35,940,629	2,234,711	5,166,699	1,117,965	20,325,618	798,407	4,953,785	1,054,003	27,573,495	412,215	2,194,830
\$200,000 under \$500,000.....	643,798	48,670,291	795,480	2,056,730	477,360	30,665,489	336,462	4,801,657	510,030	22,410,958	191,235	1,370,306
\$500,000 under \$1,000,000.....	148,093	32,612,740	160,487	442,975	115,691	21,013,384	85,087	2,892,628	128,977	10,899,372	46,485	731,543
\$1,000,000 under \$1,500,000.....	39,827	18,027,674	34,857	98,200	31,851	11,515,593	23,788	1,677,333	32,955	4,264,836	13,040	379,926
\$1,500,000 under \$2,000,000.....	17,758	11,800,206	13,949	39,953	14,468	7,551,360	10,745	1,226,974	14,461	2,357,074	5,895	193,003
\$2,000,000 under \$5,000,000.....	26,719	35,204,672	19,130	54,825	22,014	22,397,262	16,137	3,377,442	21,914	5,036,041	9,143	492,912
\$5,000,000 under \$10,000,000.....	7,037	23,085,500	3,750	10,837	6,040	14,954,695	4,332	2,407,292	5,154	1,966,906	2,255	326,603
\$10,000,000 or more.....	4,313	74,235,385	1,672	4,809	3,732	43,703,443	2,784	7,256,072	2,682	3,364,672	1,249	2,232,060
<b>Taxable returns, total.....</b>	<b>7,775,882</b>	<b>310,668,112</b>	<b>9,947,662</b>	<b>22,240,642</b>	<b>5,143,680</b>	<b>189,804,952</b>	<b>3,332,606</b>	<b>33,625,747</b>	<b>4,527,719</b>	<b>115,818,741</b>	<b>1,665,837</b>	<b>11,020,903</b>
No adjusted gross income.....	2,027	1,330,052	1,242	3,566	1,499	916,546	465	157,564	1,465	531,764	484	56,938
\$1 under \$5,000.....	171,761	166,920	45,637	62,403	120,371	118,994	45,956	33,068	22,345	61,749	6,167	2,981
\$5,000 under \$10,000.....	140,679	397,879	122,670	207,407	99,280	292,205	38,402	64,964	38,859	330,991	15,139	32,391
\$10,000 under \$15,000.....	200,113	469,475	275,387	557,691	124,619	234,815	71,397	110,801	89,749	1,013,790	24,325	92,459
\$15,000 under \$20,000.....	319,339	1,099,856	320,003	692,002	203,600	608,147	100,666	254,326	119,235	1,341,731	40,132	96,452
\$20,000 under \$25,000.....	307,981	1,111,745	340,769	739,484	189,999	624,092	106,474	272,291	140,310	1,623,029	42,140	117,414
\$25,000 under \$30,000.....	255,858	1,062,196	371,563	772,851	151,095	604,403	109,008	287,737	143,046	1,733,306	54,183	125,556
\$30,000 under \$40,000.....	554,308	2,426,654	820,122	1,734,956	345,154	1,270,006	207,084	493,925	331,142	3,814,501	116,126	385,301
\$40,000 under \$50,000.....	644,379	3,080,800	870,545	1,873,945	437,080	1,860,844	241,643	544,969	378,417	6,000,164	127,809	336,205
\$50,000 under \$75,000.....	1,458,130	9,972,416	1,980,573	4,318,811	918,588	5,497,755	639,205	1,561,095	803,391	12,391,933	305,283	963,094
\$75,000 under \$100,000.....	1,166,725	11,060,701	1,544,572	3,427,946	766,807	6,190,775	497,389	1,727,971	697,200	11,383,634	254,264	1,074,926
\$100,000 under \$200,000.....	1,668,275	35,617,245	2,226,250	5,144,044	1,115,395	20,130,980	796,205	4,805,251	1,047,409	26,521,531	410,829	2,135,411
\$200,000 under \$500,000.....	642,855	48,441,619	794,676	2,054,470	476,632	30,932,459	336,003	4,701,059	509,248	21,907,399	190,986	1,357,378
\$500,000 under \$1,000,000.....	147,899	32,492,675	160,366	442,640	115,533	20,937,150	84,984	2,862,084	128,825	10,767,504	46,416	706,157
\$1,000,000 or more.....	95,554	161,937,878	73,268	208,426	78,029	99,994,780	57,724	15,748,643	77,079	16,395,726	31,553	3,538,239
<b>Nontaxable returns, total.....</b>	<b>1,305,502</b>	<b>12,305,626</b>	<b>2,860,641</b>	<b>6,711,380</b>	<b>750,668</b>	<b>6,547,009</b>	<b>586,708</b>	<b>3,729,324</b>	<b>1,287,829</b>	<b>38,748,233</b>	<b>349,858</b>	<b>2,239,448</b>

Footnotes at end of table.



**Table 1.4--All Returns: Sources of Income, Adjustments, and Tax Items, by Size of Adjusted Gross Income--Continued**

(All figures are estimates based on samples--money amounts are in thousands of dollars.)

Size of adjusted gross income	Sales of capital assets reported on Form 1040, Schedule D--continued											
	Short-term loss carryover		Net short-term gain from sales of capital assets		Net short-term loss from sales of capital assets		Net short-term gain from sales of capital assets (post 5/5/03)		Net short-term loss from sales of capital assets (post 5/5/03)		Short-term gain from other forms (2119, 4797, etc.)	
	Number of returns (37)	Amount (38)	Number of returns (39)	Amount (40)	Number of returns (41)	Amount (42)	Number of returns (43)	Amount (44)	Number of returns (45)	Amount (46)	Number of returns (47)	Amount (48)
<b>All returns, total.....</b>	3,171,952	144,292,722	4,343,593	32,369,679	3,321,276	21,003,816	3,092,471	19,957,705	1,877,107	11,715,739	106,547	3,166,920
No adjusted gross income.....	286,129	14,819,911	125,192	1,748,090	175,558	1,925,110	84,577	1,085,578	80,161	807,691	3,562	86,284
\$1 under \$5,000.....	150,937	3,204,046	150,299	313,219	133,741	564,000	113,738	192,127	57,526	197,491	*1,145	*2,378
\$5,000 under \$10,000.....	120,906	3,616,647	135,589	471,938	129,601	553,544	93,552	262,764	60,125	232,190	1,619	4,295
\$10,000 under \$15,000.....	108,804	3,224,120	183,332	465,543	111,925	347,147	122,498	318,634	54,863	178,138	*1,168	*3,960
\$15,000 under \$20,000.....	109,580	3,120,748	173,055	462,030	125,661	511,469	114,279	316,340	65,679	189,773	*4,017	*16,468
\$20,000 under \$25,000.....	115,982	3,105,362	150,653	561,882	102,221	321,242	90,320	328,878	47,772	172,440	*81	*634
\$25,000 under \$30,000.....	89,124	2,769,799	147,952	436,324	122,038	488,080	102,112	289,767	72,304	208,970	4,509	39,174
\$30,000 under \$40,000.....	180,956	5,147,346	285,621	1,112,468	234,467	801,314	218,301	656,233	135,356	498,178	4,760	41,728
\$40,000 under \$50,000.....	192,675	6,731,294	267,059	881,335	253,287	750,556	183,218	523,784	133,389	369,088	8,228	6,581
\$50,000 under \$75,000.....	414,901	12,802,667	692,463	2,177,549	500,880	2,260,108	505,611	1,414,810	292,441	1,095,045	11,257	57,019
\$75,000 under \$100,000.....	322,159	11,749,980	564,112	2,957,687	438,744	1,807,260	437,900	1,370,518	249,476	1,083,471	14,186	127,258
\$100,000 under \$200,000.....	591,137	25,144,889	908,114	5,810,931	609,995	4,046,079	628,472	3,613,270	384,672	2,041,434	20,369	262,027
\$200,000 under \$500,000.....	331,380	21,728,204	396,350	5,478,854	273,621	2,697,712	265,675	3,413,362	173,381	1,253,698	15,843	314,514
\$500,000 under \$1,000,000.....	95,329	10,647,640	99,513	2,767,297	66,262	1,251,687	77,878	1,781,907	41,437	575,196	7,479	250,394
\$1,000,000 under \$1,500,000.....	25,511	4,239,399	26,954	1,297,464	17,663	543,596	22,136	882,803	11,684	330,036	2,652	189,138
\$1,500,000 under \$2,000,000.....	11,189	2,409,496	11,987	785,533	8,125	307,507	10,126	509,595	5,281	150,721	1,457	126,264
\$2,000,000 under \$5,000,000.....	16,998	4,903,229	17,962	1,883,250	12,572	841,795	15,405	1,222,687	8,191	371,468	2,473	346,675
\$5,000,000 under \$10,000,000.....	4,106	1,900,806	4,656	939,409	3,111	373,466	4,142	638,224	2,094	161,727	956	249,978
\$10,000,000 or more.....	2,148	3,027,138	2,730	1,818,877	1,804	612,143	2,592	1,136,427	1,276	1,798,987	786	1,043,153
<b>Taxable returns, total.....</b>	2,361,500	108,678,718	3,643,315	27,696,154	2,662,398	16,167,413	2,603,486	17,207,597	1,545,512	9,747,274	95,690	3,013,323
No adjusted gross income.....	1,286	489,555	837	86,197	398	69,288	670	52,038	305	51,387	**49	**5,534
\$1 under \$5,000.....	12,342	56,668	39,996	32,561	10,995	9,788	29,434	27,170	*6,167	*2,981	--	--
\$5,000 under \$10,000.....	15,769	290,476	31,209	48,906	29,622	51,988	21,812	51,798	14,187	32,379	**	**
\$10,000 under \$15,000.....	44,941	930,469	75,575	185,322	48,287	117,137	50,220	109,052	20,403	64,323	*953	*3,775
\$15,000 under \$20,000.....	58,150	1,180,733	110,709	322,009	76,890	221,951	72,847	224,949	35,510	93,993	*2,965	*11,511
\$20,000 under \$25,000.....	70,586	1,463,058	115,353	319,668	72,223	198,296	64,319	220,078	35,929	112,894	*6	*127
\$25,000 under \$30,000.....	59,005	1,469,111	114,754	289,995	87,433	300,535	79,124	126,743	51,018	122,345	*3,809	*16,882
\$30,000 under \$40,000.....	148,011	3,509,146	227,786	748,290	194,548	570,168	177,214	506,173	107,311	378,587	*4,118	*40,100
\$40,000 under \$50,000.....	174,605	5,422,599	241,506	684,315	231,565	654,286	163,585	370,300	119,104	317,573	8,166	6,330
\$50,000 under \$75,000.....	390,988	11,013,938	667,401	1,948,988	486,436	1,963,185	487,150	1,271,365	284,062	934,474	10,117	34,489
\$75,000 under \$100,000.....	315,745	10,849,983	554,278	2,710,487	434,740	1,706,310	434,032	1,314,366	245,025	1,050,428	13,766	124,411
\$100,000 under \$200,000.....	586,213	24,114,479	904,502	5,623,570	606,608	3,976,510	625,757	3,533,821	383,453	2,030,379	20,201	260,009
\$200,000 under \$500,000.....	330,763	21,301,033	395,791	5,423,769	273,243	2,590,942	265,247	3,373,769	173,153	1,243,549	15,765	310,851
\$500,000 under \$1,000,000.....	95,213	10,529,632	99,395	2,744,742	66,176	1,240,421	77,787	1,767,232	41,380	569,156	7,466	249,777
\$1,000,000 or more.....	59,882	16,057,839	64,224	6,557,335	43,225	2,486,609	54,287	4,258,744	28,505	2,732,825	8,310	1,949,526
<b>Nontaxable returns, total.....</b>	810,452	35,614,004	700,279	4,683,525	658,877	4,836,403	488,985	2,750,109	331,595	1,968,465	10,857	153,598

Footnotes at end of table.

Table 1.4--All Returns: Sources of Income, Adjustments, and Tax Items, by Size of Adjusted Gross Income--Continued

(All figures are estimates based on samples--money amounts are in thousands of dollars.)

Size of adjusted gross income	Sales of capital assets reported on Form 1040, Schedule D--continued											
	Short-term loss from other forms (4684, 6781, and 8824)		Short-term gain from other forms (2119, 4797, etc.) (post 5/5/03)		Short-term loss from other forms (4684, 6781, and 8824) (post 5/5/03)		Net short-term partnership/ S-corp gain		Net short-term partnership/ S-corp loss		Net short-term partnership/ S-corp gain (post 5/5/03)	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(49)	(50)	(51)	(52)	(53)	(54)	(55)	(56)	(57)	(58)	(59)	(60)
<b>All returns, total</b> .....	85,943	964,323	85,559	2,125,388	60,223	630,143	646,764	16,329,470	365,145	2,841,365	494,963	12,177,592
No adjusted gross income.....	4,725	139,308	2,017	61,875	2,969	64,999	15,498	940,817	12,927	316,987	11,870	654,137
\$1 under \$5,000.....	1,259	10,361	*959	*161	817	4,330	21,614	13,865	9,302	26,094	10,710	10,583
\$5,000 under \$10,000.....	*547	*5,430	*996	*4,460	*320	*5,375	18,919	45,737	8,515	19,313	12,197	26,414
\$10,000 under \$15,000.....	4,567	4,117	*1,199	*441	*2,499	*4,558	13,724	12,894	9,174	54,931	7,330	22,435
\$15,000 under \$20,000.....	2,951	43,623	*2,526	*13,469	*1,024	*1,895	16,456	159,062	11,847	49,999	9,560	17,592
\$20,000 under \$25,000.....	*1,149	*2,323	*81	*482	*1,085	*80	18,088	10,094	12,980	11,254	7,404	4,987
\$25,000 under \$30,000.....	1,029	9,827	*2,353	*22,020	1,015	1,102	18,062	72,487	12,562	26,736	14,187	41,815
\$30,000 under \$40,000.....	7,987	32,389	5,306	31,027	4,434	6,787	28,590	79,431	23,245	57,197	29,656	85,818
\$40,000 under \$50,000.....	3,841	33,878	4,435	2,093	4,435	6,205	38,464	52,309	19,141	89,903	28,608	32,717
\$50,000 under \$75,000.....	15,165	41,129	7,194	23,213	10,540	11,109	87,497	282,248	34,320	58,434	51,414	180,080
\$75,000 under \$100,000.....	6,219	21,271	16,432	118,614	3,274	6,445	54,454	197,673	44,557	107,504	40,984	166,818
\$100,000 under \$200,000.....	10,455	87,053	15,843	134,703	8,524	106,458	135,564	802,774	76,210	228,278	109,121	637,991
\$200,000 under \$500,000.....	9,234	63,075	12,248	197,893	7,758	50,244	92,479	1,374,363	52,544	288,083	84,378	1,116,058
\$500,000 under \$1,000,000.....	5,814	47,361	6,662	156,695	4,363	30,000	42,881	1,292,933	19,848	370,678	37,340	1,046,557
\$1,000,000 under \$1,500,000.....	2,770	57,198	2,228	114,508	2,184	34,656	15,644	900,152	6,540	134,064	13,977	687,496
\$1,500,000 under \$2,000,000.....	1,814	29,928	1,254	77,914	1,477	25,349	7,680	789,956	3,328	84,950	6,860	619,629
\$2,000,000 under \$5,000,000.....	3,798	112,534	2,241	241,860	3,295	80,734	13,906	2,182,343	5,541	213,499	12,572	1,723,232
\$5,000,000 under \$10,000,000.....	1,400	57,526	849	147,457	1,238	43,656	4,245	1,752,492	1,624	170,264	3,946	1,264,188
\$10,000,000 or more.....	1,219	165,991	738	776,501	1,096	146,161	3,000	5,367,838	941	533,197	2,848	3,839,043
<b>Taxable returns, total</b> .....	71,128	696,120	78,801	2,033,244	51,846	507,964	570,435	14,900,431	314,755	2,263,342	442,823	11,231,332
No adjusted gross income.....	72	5,783	36	6,036	276	3,065	569	109,438	292	10,743	534	73,674
\$1 under \$5,000.....	-	-	-	-	-	-	*7,620	*5,248	*2,700	*34	*5,473	*2,443
\$5,000 under \$10,000.....	*254	*88	-	-	*248	*26	10,496	28,318	*1,200	*690	*6,290	*14,751
\$10,000 under \$15,000.....	*1,990	*147	-	-	-	-	*6,614	*1,896	*4,170	*26,228	*3,228	*13,008
\$15,000 under \$20,000.....	*414	*11,644	*2,420	*13,406	*31	*1,423	*7,889	*13,318	*7,792	*19,916	*2,918	*3,675
\$20,000 under \$25,000.....	*1,108	*2,151	*6	*100	*1,077	*36	12,061	997	10,217	8,026	*5,096	*1,057
\$25,000 under \$30,000.....	*982	*8,578	*2,041	*1,672	*963	*17	13,197	61,030	8,799	15,253	10,280	39,775
\$30,000 under \$40,000.....	6,825	13,240	*4,698	*30,013	*4,236	*6,267	26,008	39,476	20,010	55,888	25,369	38,971
\$40,000 under \$50,000.....	3,068	13,918	*4,422	*2,017	*2,121	*5,351	34,662	19,832	18,216	74,869	26,153	10,779
\$50,000 under \$75,000.....	14,165	29,939	6,981	22,335	10,104	10,593	85,125	222,259	31,906	29,511	48,861	131,772
\$75,000 under \$100,000.....	6,149	20,210	16,385	118,049	3,219	5,764	53,018	169,910	43,433	83,968	39,716	144,111
\$100,000 under \$200,000.....	10,196	66,363	15,682	133,143	8,282	68,461	133,842	743,318	75,875	196,683	107,439	589,252
\$200,000 under \$500,000.....	9,142	62,166	12,182	195,817	7,682	49,451	52,382	1,277,248	52,382	264,110	84,048	1,027,847
\$500,000 under \$1,000,000.....	5,786	45,664	6,650	156,467	4,340	28,890	42,801	1,261,869	19,813	346,091	37,268	1,023,822
\$1,000,000 or more.....	10,978	416,228	7,297	1,354,190	9,269	328,621	44,414	10,946,272	17,948	1,131,330	40,151	8,116,393
<b>Nontaxable returns, total</b> .....	14,815	268,204	6,758	92,143	8,377	122,179	76,329	1,429,039	50,390	578,023	52,140	946,260

Footnotes at end of table.

**Table 1.4--All Returns: Sources of Income, Adjustments, and Tax Items, by Size of Adjusted Gross Income--Continued**

(All figures are estimates based on samples--money amounts are in thousands of dollars.)

Size of adjusted gross income	Sales of capital assets reported on Form 1040, Schedule D--continued											
	Net short-term partnership/S-corp loss (post 5/5/03)		Long-term capital gain		Long-term capital loss		Long-term capital gain (post 5/5/03)		Net long-term gain from sales of capital assets		Net long-term loss from sales of capital assets	
	Number of returns (61)	Amount (62)	Number of returns (63)	Amount (64)	Number of returns (65)	Amount (66)	Number of returns (67)	Amount (68)	Number of returns (69)	Amount (70)	Number of returns (71)	Amount (72)
All returns, total.....	201,143	1,740,230	8,295,555	308,265,871	11,421,776	265,140,703	8,398,372	215,884,091	5,824,756	158,006,596	7,670,719	89,065,245
No adjusted gross income.....	6,538	138,500	143,542	7,269,636	681,440	25,167,965	206,512	5,378,924	110,868	3,580,678	393,863	6,444,830
\$1 under \$5,000.....	*9	*76	354,388	717,119	542,492	7,687,891	349,033	669,197	240,847	578,710	337,698	2,581,735
\$5,000 under \$10,000.....	3,209	575	342,968	916,593	517,628	8,315,806	343,196	917,676	239,092	682,456	346,908	2,510,649
\$10,000 under \$15,000.....	6,216	31,292	343,748	1,067,353	570,306	7,915,140	355,374	856,504	259,461	849,395	387,084	2,853,705
\$15,000 under \$20,000.....	9,430	7,884	440,473	1,617,363	488,068	8,059,119	412,739	1,184,985	288,986	996,113	327,791	2,606,367
\$20,000 under \$25,000.....	8,455	5,700	363,578	1,574,310	413,391	6,908,816	340,901	1,124,073	239,079	1,001,675	256,981	2,193,164
\$25,000 under \$30,000.....	8,219	28,638	303,060	1,346,816	416,162	7,331,557	267,823	1,046,394	198,834	994,101	279,341	2,520,548
\$30,000 under \$40,000.....	8,598	2,008	573,293	2,748,195	850,070	12,780,978	572,797	2,142,332	391,099	1,571,830	570,613	3,967,888
\$40,000 under \$50,000.....	9,833	21,737	648,298	3,363,005	835,126	13,568,546	643,180	2,853,289	437,446	2,149,121	579,810	4,527,249
\$50,000 under \$75,000.....	21,547	42,394	1,322,199	10,395,575	1,795,908	29,182,900	1,308,984	7,019,319	892,699	6,148,092	1,238,729	9,887,133
\$75,000 under \$100,000.....	14,378	15,165	1,063,039	11,248,831	1,358,807	24,583,875	1,049,716	8,222,412	733,240	6,495,491	944,675	8,691,795
\$100,000 under \$200,000.....	42,529	99,035	1,528,469	34,652,471	2,018,286	44,612,556	1,577,063	23,219,617	1,144,831	18,784,826	1,332,958	14,920,762
\$200,000 under \$500,000.....	34,386	141,128	622,312	47,554,307	719,486	34,199,749	696,043	33,558,524	463,521	23,437,313	504,516	11,468,854
\$500,000 under \$1,000,000.....	13,865	197,135	149,246	31,797,769	146,599	14,884,069	168,067	22,427,473	110,703	15,995,203	111,415	5,608,431
\$1,000,000 under \$1,500,000.....	4,951	77,711	40,522	17,316,222	32,068	5,705,199	45,098	12,174,847	30,655	8,693,409	26,225	1,925,663
\$1,500,000 under \$2,000,000.....	2,590	55,560	17,684	11,302,608	13,152	2,868,432	19,772	8,061,582	13,617	5,541,173	10,927	1,178,903
\$2,000,000 under \$5,000,000.....	4,315	164,395	27,201	33,433,121	17,751	6,310,832	29,867	23,418,168	20,844	15,601,992	15,941	2,551,586
\$5,000,000 under \$10,000,000.....	1,306	201,702	7,169	21,464,331	3,478	2,179,949	7,850	15,415,532	5,573	9,912,400	3,449	950,594
\$10,000,000 or more.....	769	509,594	4,366	68,480,246	1,558	2,877,324	4,558	46,193,242	3,361	34,992,619	1,794	1,675,390
<b>Taxable returns, total.....</b>	<b>178,878</b>	<b>1,498,669</b>	<b>7,090,738</b>	<b>295,515,520</b>	<b>8,856,916</b>	<b>196,736,504</b>	<b>7,106,347</b>	<b>205,609,708</b>	<b>4,955,161</b>	<b>150,186,049</b>	<b>6,035,813</b>	<b>68,570,208</b>
No adjusted gross income.....	232	5,381	2,144	1,297,562	1,072	725,151	2,109	1,050,555	879	391,298	786	162,126
\$1 under \$5,000.....	--	--	150,436	146,090	42,726	227,408	130,406	123,955	83,111	98,033	27,841	96,803
\$5,000 under \$10,000.....	*953	*13	133,699	367,012	113,302	796,608	126,002	310,482	97,470	282,338	74,220	245,458
\$10,000 under \$15,000.....	*3,922	*28,137	179,955	519,639	252,822	2,572,363	178,056	373,444	124,447	394,281	176,684	911,491
\$15,000 under \$20,000.....	*5,958	*5,089	289,785	985,280	294,030	4,164,806	275,161	753,203	188,442	618,483	200,047	1,424,364
\$20,000 under \$25,000.....	*6,218	*4,535	275,116	1,011,402	303,018	3,930,856	256,560	740,533	179,454	648,571	185,445	1,400,005
\$25,000 under \$30,000.....	*5,178	*4,340	239,668	973,037	323,447	4,492,872	202,390	734,923	160,063	722,879	215,784	1,509,126
\$30,000 under \$40,000.....	8,012	1,344	494,624	2,103,998	739,488	9,296,206	497,790	1,616,625	341,077	1,217,437	483,951	2,926,344
\$40,000 under \$50,000.....	8,915	13,718	606,413	3,039,095	754,528	10,940,620	593,887	2,364,497	401,133	1,776,876	523,599	3,751,748
\$50,000 under \$75,000.....	21,048	25,411	1,279,978	9,614,289	1,745,030	26,255,759	1,268,118	6,411,142	867,987	5,784,379	1,203,153	8,920,717
\$75,000 under \$100,000.....	14,073	13,340	1,049,655	10,512,732	1,343,007	22,809,527	1,034,020	7,613,023	723,393	6,156,361	931,816	7,735,262
\$100,000 under \$200,000.....	42,351	83,287	1,522,059	34,298,836	2,011,216	43,356,114	1,572,136	22,895,018	1,140,552	18,568,534	1,328,855	14,556,485
\$200,000 under \$500,000.....	34,278	136,109	621,313	47,221,956	718,085	33,344,869	695,011	33,327,779	462,678	23,196,861	504,004	11,322,289
\$500,000 under \$1,000,000.....	13,834	175,610	149,051	31,673,449	146,485	14,698,541	167,859	22,322,790	110,515	15,997,997	111,339	5,561,888
\$1,000,000 or more.....	13,907	1,002,356	96,841	151,661,142	67,939	19,124,803	106,841	104,971,739	73,960	74,433,719	56,278	8,046,092
<b>Non-taxable returns, total.....</b>	<b>22,265</b>	<b>241,561</b>	<b>1,204,817</b>	<b>12,750,351</b>	<b>2,564,860</b>	<b>68,404,199</b>	<b>1,292,025</b>	<b>10,274,383</b>	<b>869,595</b>	<b>7,815,547</b>	<b>1,634,905</b>	<b>20,495,038</b>

Footnotes at end of table.

Table 1.4--All Returns: Sources of Income, Adjustments, and Tax Items, by Size of Adjusted Gross Income--Continued

(All figures are estimates based on samples--money amounts are in thousands of dollars.)

Size of adjusted gross income	Sales of capital assets reported on Form 1040, Schedule D--continued											
	Net long-term gain from sales of capital assets (post 5/5/03)		Net long-term loss from sales of capital assets (post 5/5/03)		Long-term loss carryover		Long-term gain from other forms (2119, 4797, etc.)		Long-term loss from other forms (4684, 6781, and 8624)		Long-term gain from other forms (2119, 4797, etc.) (post 5/5/03)	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(73)	(74)	(75)	(76)	(77)	(78)	(79)	(80)	(81)	(82)	(83)	(84)
<b>All returns, total</b> .....	<b>4,723,549</b>	<b>112,592,093</b>	<b>4,669,433</b>	<b>43,284,036</b>	<b>6,859,502</b>	<b>199,451,259</b>	<b>2,265,768</b>	<b>115,107,793</b>	<b>73,971</b>	<b>1,229,487</b>	<b>1,469,432</b>	<b>64,125,083</b>
No adjusted gross income.....	93,595	3,015,804	209,152	2,904,368	459,660	19,978,896	86,459	5,079,543	3,955	191,227	50,832	2,304,567
\$1 under \$5,000.....	194,245	507,863	177,766	1,022,490	324,575	5,278,779	40,117	363,948	1,255	15,358	23,237	230,505
\$5,000 under \$10,000.....	180,272	538,396	181,138	879,405	298,051	6,097,541	80,866	373,983	*541	*3,501	52,923	302,427
\$10,000 under \$15,000.....	206,935	557,801	223,216	1,790,441	307,577	5,689,974	75,265	730,393	4,566	6,120	47,936	206,732
\$15,000 under \$20,000.....	213,812	714,006	188,327	936,245	271,010	5,520,275	121,833	705,017	1,065	60,170	68,432	341,126
\$20,000 under \$25,000.....	188,369	706,408	151,032	933,770	237,037	4,947,886	102,132	647,881	*69	*5,063	69,244	292,082
\$25,000 under \$30,000.....	150,587	698,529	157,413	1,054,203	214,381	5,011,881	65,215	493,379	1,014	2,126	45,431	301,717
\$30,000 under \$40,000.....	325,853	1,222,423	341,689	1,498,761	459,344	9,357,184	142,033	1,618,822	8,744	62,318	97,503	792,596
\$40,000 under \$50,000.....	344,441	1,672,806	352,555	1,784,431	438,624	9,934,230	150,409	1,658,018	3,442	23,352	84,458	903,982
\$50,000 under \$75,000.....	704,766	4,147,918	778,105	4,607,668	970,199	20,513,324	324,492	4,656,389	14,522	48,783	205,592	2,260,811
\$75,000 under \$100,000.....	606,181	4,915,102	593,204	3,956,738	822,401	17,329,927	270,996	5,112,875	5,667	28,789	185,148	2,594,593
\$100,000 under \$200,000.....	943,167	13,075,693	859,987	8,391,630	1,288,254	33,957,627	426,201	17,311,142	9,938	127,137	269,229	8,156,296
\$200,000 under \$500,000.....	403,347	16,668,965	329,036	5,618,911	561,513	26,903,552	249,664	22,632,089	8,094	82,363	172,586	13,525,250
\$500,000 under \$1,000,000.....	100,514	11,542,145	80,968	2,975,945	135,220	11,740,311	74,870	13,361,366	4,195	62,920	54,509	7,852,110
\$1,000,000 under \$1,500,000.....	27,726	6,380,847	20,189	1,069,619	31,805	4,679,962	21,662	6,400,496	1,848	74,442	16,158	3,750,391
\$1,500,000 under \$2,000,000.....	12,492	3,919,362	8,448	591,969	14,004	2,464,351	10,276	4,071,558	1,221	40,175	7,789	2,470,412
\$2,000,000 under \$5,000,000.....	19,044	11,154,847	12,833	1,564,341	19,468	5,467,734	16,145	11,171,300	2,361	133,195	12,682	6,760,451
\$5,000,000 under \$10,000,000.....	5,077	7,026,124	2,862	632,501	4,246	1,965,299	4,268	5,747,715	809	61,538	3,392	3,630,038
\$10,000,000 or more.....	3,125	24,127,054	1,514	1,068,600	2,134	2,612,528	2,844	12,807,878	645	200,912	2,349	7,446,997
<b>Taxable returns, total</b> .....	<b>4,036,956</b>	<b>106,509,912</b>	<b>3,776,581</b>	<b>34,544,701</b>	<b>5,279,064</b>	<b>148,460,154</b>	<b>1,851,776</b>	<b>106,681,205</b>	<b>63,244</b>	<b>894,703</b>	<b>1,205,226</b>	<b>60,071,706</b>
No adjusted gross income.....	992	274,933	525	61,126	1,442	866,310	1,912	801,486	39	8,085	1,127	442,407
\$1 under \$5,000.....	67,735	84,508	21,139	24,536	16,846	130,436	*6,519	*9,430	--	--	*1,905	*6,491
\$5,000 under \$10,000.....	76,904	214,298	43,219	93,758	56,606	581,059	9,026	67,923	*248	*37	7,704	42,333
\$10,000 under \$15,000.....	99,528	259,295	103,801	411,606	129,897	1,714,894	31,563	112,741	*1,990	*221	20,161	56,795
\$15,000 under \$20,000.....	141,726	464,974	111,515	539,870	153,050	2,761,819	64,987	361,088	*413	*18,051	35,738	185,342
\$20,000 under \$25,000.....	139,785	494,708	110,465	537,401	164,660	2,655,910	76,926	385,205	*34	*4,869	51,181	165,968
\$25,000 under \$30,000.....	117,819	521,049	118,241	720,550	169,338	3,152,809	45,579	320,577	*970	*259	29,347	192,624
\$30,000 under \$40,000.....	284,926	941,126	293,630	1,116,574	392,474	6,627,009	110,705	1,125,376	7,744	34,749	74,808	553,491
\$40,000 under \$50,000.....	312,357	1,351,503	323,769	1,508,216	399,641	7,795,872	136,599	1,465,817	3,062	20,805	77,211	760,182
\$50,000 under \$75,000.....	685,644	3,877,355	756,549	4,243,422	934,572	18,446,989	300,629	4,184,242	14,305	39,552	189,697	2,004,307
\$75,000 under \$100,000.....	599,574	4,652,815	581,094	3,659,229	810,240	16,388,423	263,555	4,654,615	5,629	27,338	179,191	2,261,974
\$100,000 under \$200,000.....	939,600	12,925,436	857,242	8,247,260	1,282,769	33,055,804	424,668	17,174,297	9,720	98,117	268,148	8,065,470
\$200,000 under \$500,000.....	402,623	16,541,663	328,682	5,529,558	560,861	26,194,552	249,194	22,532,407	8,044	81,398	172,249	13,462,812
\$500,000 under \$1,000,000.....	100,353	11,471,975	80,907	2,960,676	135,093	11,581,377	74,787	13,338,821	4,176	60,780	54,444	7,839,202
\$1,000,000 or more.....	67,390	52,434,074	45,804	4,890,919	71,575	16,506,891	55,128	40,147,180	6,870	500,441	42,315	24,032,309
<b>Non taxable returns, total</b> .....	<b>666,593</b>	<b>6,082,181</b>	<b>892,851</b>	<b>8,739,336</b>	<b>1,580,438</b>	<b>50,991,106</b>	<b>413,992</b>	<b>8,426,589</b>	<b>10,727</b>	<b>334,784</b>	<b>264,206</b>	<b>4,053,377</b>

Footnotes at end of table.

**Table 1.4--All Returns: Sources of Income, Adjustments, and Tax Items, by Size of Adjusted Gross Income--Continued**

(All figures are estimates based on samples--money amounts are in thousands of dollars.)

Size of adjusted gross income	Sales of capital assets reported on Form 1040, Schedule D--continued											
	Long-term loss from other forms (4684, 6781, and 8824)(post 5/5/03)		Net long-term partnership/ S-corp gain		Net long-term partnership/ S-corp loss		Net long-term partnership/ S-corp gain (post 5/5/03)		Net long-term partnership/ S-corp loss (post 5/5/03)		Schedule D capital gain distributions	
	Number of returns (85)	Amount (86)	Number of returns (87)	Amount (88)	Number of returns (89)	Amount (90)	Number of returns (91)	Amount (92)	Number of returns (93)	Amount (94)	Number of returns (95)	Amount (96)
<b>All returns, total.....</b>	<b>81,558</b>	<b>921,058</b>	<b>1,049,166</b>	<b>65,947,222</b>	<b>789,302</b>	<b>10,854,456</b>	<b>803,290</b>	<b>44,572,996</b>	<b>490,192</b>	<b>6,952,330</b>	<b>6,169,629</b>	<b>4,363,050</b>
No adjusted gross income.....	4,159	118,465	30,350	2,116,755	28,885	2,172,689	19,781	1,316,896	14,218	1,689,922	185,445	96,862
\$1 under \$5,000.....	2,002	8,092	26,788	61,745	24,780	184,029	11,585	36,548	15,121	119,902	274,509	83,570
\$5,000 under \$10,000.....	*320	*8,062	21,556	102,170	33,542	210,243	18,852	81,476	18,355	75,772	276,242	100,110
\$10,000 under \$15,000.....	*2,605	*6,788	21,844	119,687	21,305	95,574	11,028	70,101	15,028	42,910	284,729	97,597
\$15,000 under \$20,000.....	*1,946	*3,231	35,412	131,207	32,412	224,851	25,994	93,534	20,374	80,503	296,236	137,589
\$20,000 under \$25,000.....	*1,017	*43	20,049	140,073	35,720	88,331	15,386	101,853	17,714	22,947	239,380	110,309
\$25,000 under \$30,000.....	1,987	12,884	25,096	101,040	33,399	157,740	14,218	46,190	20,116	95,387	189,485	119,033
\$30,000 under \$40,000.....	5,441	34,555	45,447	165,929	33,776	197,184	34,967	111,702	19,301	92,878	431,026	160,996
\$40,000 under \$50,000.....	5,634	9,758	60,860	329,436	47,084	157,244	51,853	229,345	22,669	60,087	474,912	299,958
\$50,000 under \$75,000.....	12,828	12,582	141,431	803,637	98,165	474,212	104,989	567,346	58,896	181,311	958,500	528,009
\$75,000 under \$100,000.....	8,760	10,553	109,250	1,199,455	96,043	511,945	81,990	821,522	51,924	266,834	713,150	419,591
\$100,000 under \$200,000.....	12,232	123,327	235,611	3,390,737	145,894	1,283,355	175,519	2,401,000	100,775	604,258	1,130,652	790,929
\$200,000 under \$500,000.....	10,307	90,210	159,989	6,573,309	98,840	1,478,849	135,195	4,304,959	69,343	847,118	509,448	636,752
\$500,000 under \$1,000,000.....	4,898	49,187	59,982	5,576,561	33,328	897,395	52,105	3,656,923	24,472	582,020	127,181	275,610
\$1,000,000 under \$1,500,000.....	1,960	48,942	20,081	3,540,538	10,586	429,745	17,614	2,348,059	8,483	314,776	32,957	84,300
\$1,500,000 under \$2,000,000.....	1,292	36,815	9,778	2,784,151	4,939	355,856	8,739	1,865,195	4,072	333,676	15,051	73,966
\$2,000,000 under \$5,000,000.....	2,559	103,190	17,143	9,041,188	7,545	705,451	15,237	6,103,904	6,459	476,712	22,110	158,516
\$5,000,000 under \$10,000,000.....	893	53,951	5,066	6,870,802	2,068	367,863	4,631	5,078,083	1,826	305,014	5,389	77,854
\$10,000,000 or more.....	718	190,424	3,414	22,898,802	1,190	861,901	3,206	15,336,361	1,049	760,300	3,169	111,519
<b>Taxable returns, total.....</b>	<b>72,058</b>	<b>708,814</b>	<b>931,283</b>	<b>63,152,773</b>	<b>656,030</b>	<b>7,465,542</b>	<b>725,194</b>	<b>42,854,348</b>	<b>410,025</b>	<b>4,618,091</b>	<b>5,137,876</b>	<b>3,868,291</b>
No adjusted gross income.....	257	6,077	1,044	453,003	254	45,546	702	373,081	228	51,537	592	8,690
\$1 under \$5,000.....	*952	*211	9,046	16,010	*6,601	*15,609	*6,430	*12,005	*1,669	*3,617	92,810	38,056
\$5,000 under \$10,000.....	*248	*39	12,366	43,090	7,994	20,402	13,318	44,341	*6,083	*2,516	75,234	24,009
\$10,000 under \$15,000.....	--	--	9,666	53,151	6,640	32,118	*5,812	*43,176	*7,660	*26,473	137,424	45,389
\$15,000 under \$20,000.....	*1,910	*3,037	19,973	69,148	19,256	117,413	15,908	58,387	*9,706	*26,296	199,195	93,403
\$20,000 under \$25,000.....	*952	*2	15,142	71,324	27,534	52,999	10,528	53,436	14,104	14,432	190,163	89,228
\$25,000 under \$30,000.....	*963	*27	17,595	58,255	23,518	48,607	7,066	25,115	12,939	13,188	146,819	89,255
\$30,000 under \$40,000.....	*5,402	*34,439	37,548	101,366	30,793	131,392	27,422	78,625	16,983	45,801	374,206	139,700
\$40,000 under \$50,000.....	5,415	8,523	58,170	295,882	41,351	106,217	49,303	199,666	18,420	49,651	442,433	234,543
\$50,000 under \$75,000.....	12,748	11,989	136,147	674,352	94,842	374,796	99,936	462,705	56,275	143,499	936,340	497,611
\$75,000 under \$100,000.....	8,671	9,591	105,766	1,049,191	94,658	416,644	78,486	712,812	50,866	221,028	702,832	410,705
\$100,000 under \$200,000.....	12,007	67,760	233,986	3,237,914	144,409	1,160,897	174,125	2,297,541	99,658	535,628	1,125,272	784,791
\$200,000 under \$500,000.....	10,248	89,263	159,496	6,476,013	98,604	1,374,038	134,772	4,245,060	69,149	747,523	508,867	635,369
\$500,000 under \$1,000,000.....	4,876	47,170	59,883	5,534,447	33,280	880,006	52,015	3,626,306	24,429	572,631	127,076	275,138
\$1,000,000 or more.....	7,409	430,686	55,435	45,019,626	26,296	2,688,859	49,371	30,622,092	21,857	2,164,271	78,614	502,403
<b>Nontaxable returns, total.....</b>	<b>9,500</b>	<b>212,244</b>	<b>117,883</b>	<b>2,794,450</b>	<b>133,272</b>	<b>3,388,914</b>	<b>78,096</b>	<b>1,718,648</b>	<b>80,167</b>	<b>2,334,239</b>	<b>1,031,753</b>	<b>484,760</b>

Footnotes at end of table.

**Table 1.4--All Returns: Sources of Income, Adjustments, and Tax Items, by Size of Adjusted Gross Income--Continued**

(All figures are estimates based on samples--money amounts are in thousands of dollars.)

Size of adjusted gross income	Sales of capital assets--continued			Sale of property other than capital assets			Total taxable IRA distributions		Total		Pensions and annuities		Taxable		
	Schedule D capital gain distributions (post-5/5/03)			Net gain		Net loss		Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	Number of returns	Amount		Number of returns	Amount	Number of returns	Amount								
<b>All returns, total</b> .....	5,048,637	2,470,158		798,662	8,138,821	955,198	8,469,180	8,611,702	88,335,605	24,767,067	585,420,626	22,822,842	372,931,442		
No adjusted gross income.....	144,829	52,955		45,804	619,484	74,386	3,434,771	77,078	814,762	210,592	4,614,582	170,143	1,549,350		
\$1 under \$5,000.....	218,366	50,054		17,222	79,206	23,644	186,831	215,753	455,553	601,810	4,435,014	553,450	1,502,880		
\$5,000 under \$10,000.....	205,272	45,365		22,153	149,897	36,705	233,894	567,245	1,878,501	1,518,330	10,898,436	1,465,203	7,531,721		
\$10,000 under \$15,000.....	228,193	53,221		34,813	126,184	36,666	110,152	748,596	3,225,666	2,183,143	22,461,325	2,134,240	17,111,046		
\$15,000 under \$20,000.....	227,291	71,281		40,863	109,398	37,960	130,909	839,444	4,288,191	2,174,462	26,925,404	2,113,869	22,153,194		
\$20,000 under \$25,000.....	178,895	64,586		35,862	278,955	26,576	59,395	589,884	3,081,068	1,723,843	27,598,370	1,659,058	20,145,542		
\$25,000 under \$30,000.....	150,828	61,422		33,604	239,525	20,098	81,095	487,469	3,003,921	1,452,863	22,802,846	1,392,322	18,694,237		
\$30,000 under \$40,000.....	344,773	101,661		56,861	321,504	69,614	247,327	926,631	7,042,968	2,649,104	49,975,053	2,462,539	37,745,116		
\$40,000 under \$50,000.....	391,672	155,562		59,570	438,465	69,609	357,226	783,217	6,944,862	2,367,837	47,931,311	2,208,624	37,006,723		
\$50,000 under \$75,000.....	788,843	284,020		116,477	751,098	123,043	278,396	1,498,441	16,799,010	4,289,544	107,002,326	3,902,798	78,044,661		
\$75,000 under \$100,000.....	596,260	252,535		94,186	800,407	101,433	349,056	869,891	12,913,159	2,608,207	82,596,429	2,316,707	54,621,033		
\$100,000 under \$200,000.....	954,237	465,084		126,746	1,180,224	158,564	707,223	793,542	18,963,590	2,362,152	103,640,803	1,978,434	58,670,702		
\$200,000 under \$500,000.....	440,104	347,516		70,705	1,211,623	108,407	723,567	171,960	6,533,140	501,849	40,099,298	373,148	13,931,908		
\$500,000 under \$1,000,000.....	110,551	157,881		24,476	589,982	39,016	462,496	28,926	1,451,915	79,989	7,488,498	59,999	2,441,675		
\$1,000,000 under \$1,500,000.....	28,905	51,898		7,416	218,158	11,565	194,898	6,149	396,854	18,980	2,523,777	14,005	640,360		
\$1,500,000 under \$2,000,000.....	13,180	33,976		3,702	162,786	5,435	126,633	2,702	192,858	8,191	1,202,807	6,132	306,910		
\$2,000,000 under \$5,000,000.....	19,180	105,819		5,639	431,169	8,667	321,377	3,487	214,371	11,760	2,059,583	8,799	494,282		
\$5,000,000 under \$10,000,000.....	4,682	49,791		1,561	152,925	2,364	171,129	829	80,148	2,813	652,272	2,128	169,886		
\$10,000,000 or more.....	2,778	65,532		1,001	297,832	1,445	292,804	458	55,067	1,599	512,493	1,243	170,218		
<b>Taxable returns, total</b> .....	4,246,783	2,228,828		601,272	6,809,822	738,830	4,134,450	6,863,919	80,133,468	19,948,337	510,346,498	18,294,123	342,184,889		
No adjusted gross income.....	465	5,203		430	56,583	458	48,517	299	22,864	519	83,330	378	34,846		
\$1 under \$5,000.....	73,146	21,737		*1,915	*3,246	*5,559	*859	*5,880	*3,219	20,813	43,438	20,813	31,649		
\$5,000 under \$10,000.....	55,493	10,248		*792	*25,751	*7,062	*26,882	75,313	263,041	255,454	1,810,829	252,517	1,543,945		
\$10,000 under \$15,000.....	108,229	24,403		6,832	28,794	14,624	43,599	367,697	1,558,040	1,144,209	11,092,499	1,120,209	9,303,872		
\$15,000 under \$20,000.....	158,286	50,357		15,001	53,248	21,010	61,486	522,450	2,570,258	1,410,406	17,492,899	1,374,166	15,314,778		
\$20,000 under \$25,000.....	141,580	51,586		22,729	215,449	13,852	33,201	487,985	2,547,585	1,401,580	22,229,871	1,357,339	17,683,100		
\$25,000 under \$30,000.....	118,614	40,174		22,410	197,786	15,110	39,110	423,284	2,593,296	1,237,817	20,607,184	1,200,134	17,295,215		
\$30,000 under \$40,000.....	299,747	88,119		42,794	207,330	52,307	183,153	875,929	6,708,871	2,417,355	46,262,532	2,255,002	36,068,160		
\$40,000 under \$50,000.....	362,450	147,179		52,094	358,866	57,394	170,489	756,164	6,760,179	2,256,626	46,406,292	2,115,575	36,279,527		
\$50,000 under \$75,000.....	770,997	270,936		103,606	693,009	117,594	232,452	1,476,543	16,416,089	4,228,631	104,396,191	3,852,616	77,439,797		
\$75,000 under \$100,000.....	587,319	246,306		91,929	782,053	100,307	342,350	866,937	12,884,971	2,593,233	82,052,222	2,305,737	54,483,260		
\$100,000 under \$200,000.....	951,882	462,386		126,462	1,151,100	157,004	681,820	791,196	18,902,009	2,357,261	103,447,194	1,974,738	58,574,261		
\$200,000 under \$500,000.....	439,644	346,767		70,538	1,205,515	108,163	712,849	171,734	6,518,539	501,271	40,021,624	372,677	13,913,682		
\$500,000 under \$1,000,000.....	110,458	157,679		24,450	589,283	38,953	456,283	28,894	1,448,568	79,910	7,475,428	59,943	2,438,328		
\$1,000,000 or more.....	68,673	305,747		19,292	1,261,811	29,434	1,099,400	13,614	935,940	43,301	6,924,965	32,277	1,780,470		
<b>Nontaxable returns, total</b> .....	801,854	241,330		197,390	1,328,999	216,368	4,334,730	1,747,783	8,202,137	4,818,730	55,074,128	4,528,719	30,746,553		

Footnotes at end of table.

**Table 1.4--All Returns: Sources of Income, Adjustments, and Tax Items, by Size of Adjusted Gross Income--Continued**

(All figures are estimates based on samples--money amounts are in thousands of dollars.)

Size of adjusted gross income	Rent			Royalty			Farm rental					
	Net income		Net loss (includes nondeductible loss)	Net income		Net loss	Net income		Net loss			
	Number of returns	Amount		Number of returns	Amount		Number of returns	Amount		Number of returns	Amount	
(109)	(110)	(111)	(112)	(113)	(114)	(115)	(116)	(117)	(118)	(119)	(120)	
All returns, total.....	4,086,160	49,236,378	4,529,086	37,558,496	1,242,840	10,729,655	32,790	123,569	485,971	3,503,951	122,581	564,605
No adjusted gross income.....	99,544	1,426,845	193,039	3,481,809	33,387	529,682	828	16,661	6,642	68,530	6,601	45,001
\$1 under \$5,000.....	123,348	424,257	95,481	769,451	29,258	53,725	*961	*168	17,874	52,686	*5,260	*30,672
\$5,000 under \$10,000.....	206,694	781,149	142,474	886,922	50,827	142,871	*1,663	*6,030	36,693	123,409	*4,202	*6,440
\$10,000 under \$15,000.....	237,620	1,147,029	190,139	1,086,456	65,904	145,410	*1,041	*2,272	39,936	192,461	11,258	56,686
\$15,000 under \$20,000.....	238,097	1,198,612	200,723	1,336,964	81,456	171,355	*1,179	*2,900	41,282	228,113	7,448	26,336
\$20,000 under \$25,000.....	211,653	1,315,902	185,480	1,202,203	58,360	142,172	*2,824	*4,106	33,772	141,486	9,863	25,571
\$25,000 under \$30,000.....	170,076	1,018,230	201,865	1,380,475	61,307	194,210	*102	*28	34,383	198,403	*6,187	*26,796
\$30,000 under \$40,000.....	370,122	2,254,442	423,559	2,856,631	96,863	398,468	*7	*5	47,254	185,545	**18,786	**89,546
\$40,000 under \$50,000.....	333,287	2,193,104	383,290	2,829,932	91,093	215,500	*7,268	*25,232	39,853	230,717	**	**
\$50,000 under \$75,000.....	661,620	5,686,957	890,623	6,413,952	196,096	789,391	5,986	7,553	67,166	651,163	18,529	61,906
\$75,000 under \$100,000.....	445,185	4,482,767	577,166	4,046,749	150,997	800,909	4,876	10,390	50,734	440,058	**32,887	**171,198
\$100,000 under \$200,000.....	625,022	9,372,555	741,523	6,338,260	193,189	1,798,135	2,433	6,672	56,701	658,200	**	**
\$200,000 under \$500,000.....	267,790	8,984,360	236,800	3,144,309	86,751	1,651,680	*3,622	*41,552	9,395	233,652	**	**
\$500,000 under \$1,000,000.....	61,645	3,885,127	43,796	876,750	26,749	1,285,091	**	**	2,770	56,275	1,001	9,546
\$1,000,000 under \$1,500,000.....	15,521	1,485,131	10,707	297,094	7,565	550,455	**	**	615	8,860	254	3,057
\$1,500,000 under \$2,000,000.....	6,366	756,154	4,225	136,320	3,320	288,557	**	**	313	8,569	126	4,346
\$2,000,000 under \$5,000,000.....	9,307	1,614,256	6,012	258,451	6,440	697,509	**	**	437	7,622	135	3,817
\$5,000,000 under \$10,000,000.....	2,117	646,707	1,359	92,300	1,850	329,889	**	**	94	14,316	26	506
\$10,000,000 or more.....	1,148	562,795	826	123,469	1,426	544,645	**	**	58	3,887	18	3,182
<b>Taxable returns, total.....</b>	<b>3,204,861</b>	<b>43,826,604</b>	<b>3,573,696</b>	<b>28,263,319</b>	<b>1,022,340</b>	<b>9,623,059</b>	<b>26,744</b>	<b>85,799</b>	<b>385,622</b>	<b>3,032,371</b>	<b>95,066</b>	<b>423,302</b>
No adjusted gross income.....	955	100,992	495	43,409	207	17,238	*6	*1,795	*13	*160	*7	*62
\$1 under \$5,000.....	*1,821	*3,775	*961	*484	*5,888	*1,909	*8	(Z)	--	--	--	--
\$5,000 under \$10,000.....	26,794	116,425	22,125	170,161	*6,914	*18,444	*952	*5,963	*6,780	*27,849	*1,990	*123
\$10,000 under \$15,000.....	98,704	467,667	60,546	305,915	33,660	74,967	--	--	21,124	109,201	*5,885	*35,038
\$15,000 under \$20,000.....	136,688	671,029	102,666	571,445	42,131	106,348	*952	*2,732	24,431	142,971	*6,686	*23,180
\$20,000 under \$25,000.....	138,223	890,522	109,105	615,529	48,173	107,600	*2,824	*4,106	30,407	134,355	*5,905	*3,406
\$25,000 under \$30,000.....	121,596	753,696	145,869	898,126	45,363	146,842	--	--	28,036	148,264	*5,840	*23,287
\$30,000 under \$40,000.....	307,971	1,886,519	331,368	2,134,872	82,996	319,812	--	--	45,260	184,418	**15,802	**81,027
\$40,000 under \$50,000.....	308,254	1,931,239	331,566	2,380,243	88,718	207,076	*5,242	*5,344	39,346	203,626	**	**
\$50,000 under \$75,000.....	638,153	5,447,401	857,018	6,051,189	193,275	702,216	5,877	7,541	67,153	650,837	18,519	61,673
\$75,000 under \$100,000.....	439,913	4,396,218	569,340	3,897,912	148,491	794,077	*4,832	*10,184	50,725	439,901	**32,875	**171,089
\$100,000 under \$200,000.....	622,299	9,262,010	739,292	6,284,327	192,670	1,790,278	2,433	6,672	56,691	657,890	**	**
\$200,000 under \$500,000.....	267,487	8,961,045	236,486	3,131,482	86,563	1,647,356	*3,614	*41,462	9,372	233,391	**	**
\$500,000 under \$1,000,000.....	61,579	3,878,626	43,746	873,603	26,703	1,283,957	**	**	2,770	56,275	1,001	9,546
\$1,000,000 or more.....	34,422	5,059,441	23,095	904,623	20,568	2,404,920	**	**	1,514	43,244	557	14,871
<b>Nontaxable returns, total.....</b>	<b>881,299</b>	<b>5,409,775</b>	<b>955,390</b>	<b>9,295,177</b>	<b>220,500</b>	<b>1,106,596</b>	<b>6,047</b>	<b>37,770</b>	<b>100,349</b>	<b>471,580</b>	<b>27,514</b>	<b>141,302</b>

Footnotes at end of table.

Table 1.4--All Returns: Sources of Income, Adjustments, and Tax Items, by Size of Adjusted Gross Income--Continued

(All figures are estimates based on samples--money amounts are in thousands of dollars.)

Size of adjusted gross income	Total rental and royalty			Partnership and S Corporation			Estate and trust					
	Net income		Net loss	Net income		Net loss	Net income		Net loss			
	Number of returns	Amount		Number of returns	Amount		Number of returns	Amount		Number of returns	Amount	
<b>All returns, total</b> .....	<b>5,321,866</b>	<b>62,679,389</b>	<b>4,241,753</b>	<b>33,452,704</b>	<b>4,453,988</b>	<b>333,029,137</b>	<b>2,552,592</b>	<b>78,972,015</b>	<b>499,416</b>	<b>13,498,758</b>	<b>33,117</b>	<b>1,083,966</b>
No adjusted gross income.....	125,807	1,984,290	197,675	3,419,262	57,105	1,951,940	259,950	34,312,038	7,899	221,283	2,597	421,596
\$1 under \$5,000.....	161,346	522,609	96,086	609,969	92,838	369,880	82,551	1,238,731	26,382	47,164	*711	*960
\$5,000 under \$10,000.....	280,684	1,026,762	140,717	847,441	117,647	568,883	83,762	713,425	23,125	91,644	*1,907	*7,624
\$10,000 under \$15,000.....	316,031	1,472,151	192,675	974,567	141,387	979,557	84,645	1,047,016	18,017	90,647	--	--
\$15,000 under \$20,000.....	333,457	1,574,769	198,524	1,246,909	134,582	1,101,871	90,275	1,007,934	19,027	117,109	*1,209	*27,032
\$20,000 under \$25,000.....	282,107	1,583,827	190,373	1,166,073	140,733	1,502,535	110,690	1,216,520	21,244	132,921	*33	*1,320
\$25,000 under \$30,000.....	246,229	1,401,394	190,181	1,231,080	131,036	1,435,730	94,912	979,364	19,363	107,690	*5,092	*2,039
\$30,000 under \$40,000.....	477,078	2,808,361	417,275	2,698,230	255,275	3,640,369	186,480	2,174,607	35,803	209,786	*7	*22
\$40,000 under \$50,000.....	429,707	2,583,968	383,384	2,903,328	272,255	3,881,402	186,941	1,689,138	--	--	--	--
\$50,000 under \$75,000.....	863,345	7,071,593	883,115	6,159,841	694,898	11,736,075	369,408	3,570,320	**103,597	**857,817	**2,903	**9,398
\$75,000 under \$100,000.....	575,256	5,662,962	575,256	4,003,707	504,211	11,130,174	285,180	3,389,321	62,401	480,444	2,031	4,072
\$100,000 under \$200,000.....	784,986	11,598,411	615,597	4,779,475	1,007,034	42,136,826	443,108	6,506,364	94,501	1,870,637	7,567	80,627
\$200,000 under \$500,000.....	316,791	10,711,450	117,011	1,979,227	623,154	71,853,378	195,155	6,296,074	43,096	1,864,668	5,401	67,036
\$500,000 under \$1,000,000.....	79,924	5,179,276	28,297	703,412	177,550	49,947,471	46,622	3,207,759	13,835	1,771,646	1,587	57,101
\$1,000,000 under \$1,500,000.....	20,744	2,045,587	6,742	237,234	45,544	24,824,380	12,702	1,540,005	4,297	745,284	507	43,259
\$1,500,000 under \$2,000,000.....	8,854	1,049,964	2,861	120,658	20,077	16,133,048	5,902	1,076,107	1,799	461,310	348	38,380
\$2,000,000 under \$5,000,000.....	13,831	2,303,510	4,266	196,658	28,603	37,974,537	9,621	2,829,042	3,384	1,543,158	684	61,837
\$5,000,000 under \$10,000,000.....	3,528	987,308	1,031	76,211	6,482	19,542,424	2,821	1,598,619	953	957,954	264	68,341
\$10,000,000 or more.....	2,160	1,111,168	688	119,425	3,576	32,318,656	1,866	4,579,631	692	1,927,595	271	193,322
<b>Taxable returns, total</b> .....	<b>4,186,840</b>	<b>55,801,996</b>	<b>3,297,320</b>	<b>24,848,429</b>	<b>3,839,165</b>	<b>325,257,777</b>	<b>1,837,953</b>	<b>37,228,221</b>	<b>440,857</b>	<b>13,062,903</b>	<b>27,514</b>	<b>635,424</b>
No adjusted gross income.....	1,025	116,233	490	57,233	1,003	502,935	1,297	989,781	824	92,090	41	12,977
\$1 under \$5,000.....	*6,757	*4,836	*961	*484	16,981	23,565	3,844	31,580	13,177	26,941	--	--
\$5,000 under \$10,000.....	40,460	152,899	22,234	157,222	31,818	157,787	17,747	73,822	*8,658	*30,688	*952	*5,650
\$10,000 under \$15,000.....	137,362	647,360	64,525	331,693	62,247	408,803	26,321	119,926	10,588	59,552	--	--
\$15,000 under \$20,000.....	185,401	902,160	105,614	541,820	74,235	595,607	37,410	262,329	17,720	96,692	*228	*21,119
\$20,000 under \$25,000.....	198,468	1,127,426	115,612	589,276	83,091	839,438	62,769	477,529	16,019	94,254	--	--
\$25,000 under \$30,000.....	178,500	1,039,690	137,932	859,780	80,790	836,251	62,900	427,239	17,235	88,190	*4,932	*502
\$30,000 under \$40,000.....	402,587	2,367,452	326,530	2,055,164	202,770	2,734,632	134,926	1,181,255	31,716	199,153	--	--
\$40,000 under \$50,000.....	402,938	2,291,755	331,524	2,441,219	223,018	2,931,391	157,922	1,240,064	--	--	--	--
\$50,000 under \$75,000.....	837,314	6,756,283	850,780	5,803,473	661,611	10,957,005	343,085	2,817,455	**101,328	**796,358	**2,887	**9,139
\$75,000 under \$100,000.....	569,021	5,569,983	567,096	3,856,810	493,494	10,792,655	276,831	3,026,012	62,018	469,960	*2,004	*1,751
\$100,000 under \$200,000.....	781,774	11,483,338	613,390	4,732,875	1,003,703	41,978,545	439,144	6,129,156	93,649	1,847,345	7,465	69,187
\$200,000 under \$500,000.....	316,348	10,683,744	116,803	1,970,851	622,684	71,798,678	194,469	5,915,347	42,990	1,861,312	5,358	63,566
\$500,000 under \$1,000,000.....	79,825	5,171,720	28,262	701,194	177,472	49,934,042	46,472	3,097,404	13,820	1,770,594	1,580	55,203
\$1,000,000 or more.....	49,059	7,487,118	15,568	749,334	104,247	130,766,443	32,817	11,439,320	11,114	5,630,775	2,066	396,329
<b>Non-taxable returns, total</b> .....	<b>1,135,026</b>	<b>6,877,394</b>	<b>944,433</b>	<b>8,604,275</b>	<b>614,824</b>	<b>7,771,360</b>	<b>714,639</b>	<b>41,743,794</b>	<b>58,559</b>	<b>435,855</b>	<b>5,603</b>	<b>448,542</b>

Footnotes at end of table.



**Table 1.4--All Returns: Sources of Income, Adjustments, and Tax Items, by Size of Adjusted Gross Income--Continued**

(All figures are estimates based on samples--money amounts are in thousands of dollars.)

Size of adjusted gross income	Farm			Unemployment compensation			Social security benefits			
	Net income		Net loss	Number of returns	Amount	Number of returns	Amount	Total		Taxable
	Number of returns	Amount						Number of returns	Amount	
All returns, total.....	(133)	(134)	(135)	(136)	(137)	(138)	(139)	(140)	(141)	(142)
No adjusted gross income.....	592,019	7,472,503	1,405,097	19,843,995	10,065,230	44,007,879	14,120,202	214,011,279	10,975,002	97,768,201
\$1 under \$5,000.....	16,616	237,404	119,737	4,179,613	36,180	224,628	166,776	2,134,199	1,174	6,544
\$5,000 under \$10,000.....	43,801	128,780	43,313	413,250	212,869	412,675	475,906	5,837,683	9,709	28,050
\$10,000 under \$15,000.....	42,261	227,858	66,127	548,141	790,921	2,339,108	744,526	9,416,460	31,579	124,854
\$15,000 under \$20,000.....	43,311	328,285	69,920	558,371	1,135,206	4,615,264	887,775	11,982,704	49,034	254,770
\$20,000 under \$25,000.....	41,730	339,993	75,790	898,133	1,144,187	4,977,943	956,292	14,036,376	263,460	320,913
\$25,000 under \$30,000.....	35,597	322,967	99,547	815,943	911,477	3,869,603	1,093,950	16,485,372	870,948	1,228,791
\$30,000 under \$40,000.....	32,247	268,229	79,352	1,046,798	837,713	3,803,768	1,055,882	15,732,616	1,011,215	2,438,407
\$40,000 under \$50,000.....	63,361	719,518	149,216	1,543,039	1,212,184	5,780,935	1,893,710	27,761,509	1,892,727	8,376,314
\$50,000 under \$75,000.....	62,529	785,331	131,258	1,272,755	925,706	4,177,789	1,537,019	21,429,405	1,537,019	11,602,866
\$75,000 under \$100,000.....	116,452	1,339,059	253,876	2,500,578	1,611,144	7,696,050	2,509,820	37,685,141	2,509,820	29,682,510
\$100,000 under \$200,000.....	44,915	768,610	146,791	1,581,692	676,722	3,005,251	1,313,467	22,114,485	1,313,243	18,757,677
\$200,000 under \$500,000.....	**45,499	**1,635,957	114,852	1,782,134	512,555	2,723,229	1,112,925	21,298,977	1,112,925	18,088,791
\$500,000 under \$1,000,000.....	2,122	140,895	9,203	535,516	**6,658	**46,171	58,767	1,354,380	58,761	1,127,110
\$1,000,000 under \$1,500,000.....	645	61,269	2,259	182,088	**	**	14,362	321,890	14,362	273,604
\$1,500,000 under \$2,000,000.....	357	42,407	1,071	105,808	**	**	6,257	146,768	6,257	124,752
\$2,000,000 under \$5,000,000.....	426	85,068	1,489	243,904	**	**	8,515	200,455	8,515	170,385
\$5,000,000 under \$10,000,000.....	102	31,162	372	102,873	**	**	2,130	52,477	2,130	44,605
\$10,000,000 or more.....	47	9,711	229	120,851	**	**	1,226	30,967	1,226	26,321
<b>Taxable returns, total.....</b>	<b>378,670</b>	<b>5,651,602</b>	<b>970,066</b>	<b>12,334,079</b>	<b>6,880,566</b>	<b>31,348,993</b>	<b>11,715,361</b>	<b>179,694,324</b>	<b>10,465,093</b>	<b>95,831,633</b>
No adjusted gross income.....	134	32,264	430	34,798	*9	*39	377	9,620	26	521
\$1 under \$5,000.....	*2,860	*2,515	*953	*387	*8,817	*9,921	15,908	177,281	*8	*20
\$5,000 under \$10,000.....	*5,614	*14,854	5,060	108,278	116,409	379,141	95,829	1,045,059	*9,897	*47,060
\$10,000 under \$15,000.....	7,788	55,254	18,634	160,514	488,138	2,020,924	493,296	5,485,226	25,330	132,812
\$15,000 under \$20,000.....	19,501	151,893	31,716	233,815	600,761	2,742,005	665,124	9,375,615	211,837	273,147
\$20,000 under \$25,000.....	20,122	124,296	69,236	578,926	523,275	2,205,034	929,093	13,796,765	754,766	1,023,621
\$25,000 under \$30,000.....	17,269	125,628	47,113	497,197	551,400	2,393,134	941,574	14,037,655	910,282	2,208,455
\$30,000 under \$40,000.....	46,094	521,353	115,636	1,187,790	968,930	4,418,959	1,788,979	26,298,689	1,787,997	7,962,701
\$40,000 under \$50,000.....	55,396	635,580	115,806	1,094,507	820,843	3,673,667	1,494,919	20,926,794	1,494,919	11,316,723
\$50,000 under \$75,000.....	112,080	1,270,532	249,765	2,444,941	1,560,898	7,471,390	2,483,383	37,299,241	2,483,383	29,389,356
\$75,000 under \$100,000.....	42,649	715,540	146,368	1,545,731	671,609	2,945,829	1,307,778	22,005,363	1,307,554	18,665,475
\$100,000 under \$200,000.....	**45,474	**1,635,341	114,137	1,759,457	511,171	2,707,732	1,107,686	21,155,510	1,107,686	17,966,845
\$200,000 under \$500,000.....	**	**	40,614	1,401,026	51,657	335,126	280,288	5,977,100	280,288	5,080,472
\$500,000 under \$1,000,000.....	2,119	140,807	9,188	532,511	**6,648	**46,082	58,686	1,352,772	58,680	1,125,743
\$1,000,000 or more.....	1,569	225,745	5,409	754,201	**	**	32,441	751,635	32,441	638,863
<b>Non-taxable returns, total.....</b>	<b>213,349</b>	<b>1,820,902</b>	<b>435,031</b>	<b>7,509,916</b>	<b>3,184,864</b>	<b>12,658,886</b>	<b>2,404,841</b>	<b>34,316,955</b>	<b>509,910</b>	<b>1,936,368</b>

Footnotes at end of table.

Table 1.4--All Returns: Sources of Income, Adjustments, and Tax Items, by Size of Adjusted Gross Income--Continued

(All figures are estimates based on samples--money amounts are in thousands of dollars.)

Size of adjusted gross income	Foreign earned income exclusion		Other income				Net operating loss		Gambling earnings		Statutory adjustments	
	Number of returns	Amount	Net income		Net loss		Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
			Number of returns	Amount	Number of returns	Amount						
<b>All returns, total</b> .....	<b>306,393</b>	<b>15,076,406</b>	<b>5,413,453</b>	<b>28,007,006</b>	<b>290,439</b>	<b>6,717,779</b>	<b>712,076</b>	<b>62,824,777</b>	<b>1,539,947</b>	<b>19,149,504</b>	<b>30,382,069</b>	<b>87,575,677</b>
No adjusted gross income.....	83,210	3,192,110	76,147	718,240	122,404	3,554,955	394,811	56,353,274	11,700	96,685	335,514	1,162,971
\$1 under \$5,000.....	51,846	2,242,530	261,921	409,103	6,121	76,577	85,001	750,821	19,443	43,041	1,391,385	1,350,342
\$5,000 under \$10,000.....	15,586	667,136	309,972	788,211	4,614	27,994	49,519	395,305	60,407	171,513	2,177,261	2,221,240
\$10,000 under \$15,000.....	11,855	695,790	269,621	712,717	*4,130	*53,454	24,472	272,730	79,402	298,006	2,160,698	2,766,892
\$15,000 under \$20,000.....	4,974	209,776	298,767	729,158	9,951	116,772	28,527	204,857	83,852	309,855	1,804,083	2,933,144
\$20,000 under \$25,000.....	10,353	500,820	275,409	805,848	*4,823	*38,046	13,831	212,835	88,728	347,856	1,711,714	2,862,565
\$25,000 under \$30,000.....	10,649	603,008	254,127	768,727	9,109	102,351	10,433	252,421	73,333	371,653	1,742,536	3,168,203
\$30,000 under \$40,000.....	14,643	800,295	498,617	1,718,035	14,171	106,390	31,441	380,721	159,673	631,134	3,094,410	5,946,087
\$40,000 under \$50,000.....	10,878	423,500	453,437	1,251,516	7,490	141,985	10,013	152,608	168,216	926,620	2,868,710	5,973,041
\$50,000 under \$75,000.....	28,020	1,428,375	929,075	3,183,067	22,626	148,562	20,739	491,093	299,814	2,132,596	5,148,375	11,761,954
\$75,000 under \$100,000.....	14,360	845,655	705,931	2,465,466	17,858	252,655	8,411	407,168	223,955	1,699,063	3,412,398	10,371,196
\$100,000 under \$200,000.....	24,370	1,540,091	742,668	4,278,120	34,381	650,680	21,883	802,549	201,887	3,540,912	3,443,149	18,307,718
\$200,000 under \$500,000.....	18,958	1,430,761	238,070	4,161,227	23,152	765,799	8,569	585,439	53,949	2,364,690	822,985	12,549,786
\$500,000 under \$1,000,000.....	4,294	315,493	59,269	1,578,844	5,231	246,943	2,279	362,502	9,466	1,528,674	173,775	3,672,984
\$1,000,000 under \$1,500,000.....	1,045	81,523	15,835	948,717	1,752	109,655	920	200,689	2,789	807,477	42,004	1,054,308
\$1,500,000 under \$2,000,000.....	487	36,762	7,371	650,245	674	53,180	326	132,259	1,103	371,620	17,798	453,857
\$2,000,000 under \$5,000,000.....	660	47,513	11,709	1,318,390	1,314	135,878	614	284,380	1,636	914,160	25,582	667,760
\$5,000,000 under \$10,000,000.....	139	10,321	3,359	683,905	371	31,550	171	241,250	377	568,548	6,225	192,150
\$10,000,000 or more.....	66	4,946	2,148	837,471	266	104,353	119	341,876	217	2,025,400	3,468	159,479
<b>Taxable returns, total</b> .....	<b>125,894</b>	<b>7,232,043</b>	<b>4,273,494</b>	<b>24,155,290</b>	<b>139,355</b>	<b>2,796,092</b>	<b>127,836</b>	<b>11,513,107</b>	<b>1,288,570</b>	<b>17,047,412</b>	<b>22,075,425</b>	<b>74,320,990</b>
No adjusted gross income.....	**	**	663	76,451	**9	*22,868	4,244	7,308,251	46	1,921	1,826	19,131
\$1 under \$5,000.....	—	—	76,029	94,808	—	—	*1,917	*14,553	*1,916	*3,595	32,514	3,705
\$5,000 under \$10,000.....	**1,078	**22,967	83,872	226,107	—	—	4,043	64,392	*7,639	*25,962	285,255	254,493
\$10,000 under \$15,000.....	*2,932	*58,875	120,313	304,772	*112	*1,226	*3,768	*37,515	31,125	101,568	744,496	860,969
\$15,000 under \$20,000.....	*2,958	*15,748	173,070	461,046	*4,993	*16,187	19,692	126,551	45,247	143,361	884,026	1,322,665
\$20,000 under \$25,000.....	*5,587	*316,938	155,872	462,301	*2,754	*16,993	3,309	83,017	59,309	212,781	983,282	1,467,079
\$25,000 under \$30,000.....	*4,892	*370,634	173,421	510,185	*6,487	*64,742	6,470	118,867	55,310	230,699	1,132,580	1,948,284
\$30,000 under \$40,000.....	11,239	574,595	404,364	1,352,840	13,669	103,818	20,013	198,050	144,417	536,660	2,516,094	4,710,065
\$40,000 under \$50,000.....	7,921	328,654	407,352	1,041,374	5,627	138,193	6,210	92,840	160,288	801,992	2,576,740	5,246,253
\$50,000 under \$75,000.....	25,812	1,296,247	901,107	2,896,883	21,125	128,662	17,417	355,700	291,967	1,903,604	5,004,395	11,255,069
\$75,000 under \$100,000.....	13,717	802,124	700,762	2,362,970	17,680	249,912	7,187	312,023	222,627	1,694,497	3,386,459	10,224,741
\$100,000 under \$200,000.....	24,225	1,527,399	739,413	4,213,017	34,204	609,994	20,853	710,988	199,795	3,332,281	3,436,813	18,270,281
\$200,000 under \$500,000.....	18,863	1,422,971	237,694	4,145,191	23,099	762,774	8,357	550,757	53,467	2,231,005	822,272	12,540,735
\$500,000 under \$1,000,000.....	4,275	314,057	59,190	1,572,981	5,223	246,575	2,246	357,173	9,356	1,457,577	173,659	3,671,484
\$1,000,000 or more.....	2,394	180,834	40,370	4,434,363	4,374	434,150	2,112	1,182,431	6,063	4,369,909	95,015	2,526,035
<b>Non-taxable returns, total</b> .....	<b>180,499</b>	<b>7,844,363</b>	<b>1,139,960</b>	<b>3,851,716</b>	<b>151,084</b>	<b>3,921,687</b>	<b>584,239</b>	<b>51,311,670</b>	<b>251,377</b>	<b>2,102,092</b>	<b>8,306,644</b>	<b>13,254,688</b>

Footnotes at end of table.

**Table 1.4--All Returns: Sources of Income, Adjustments, and Tax Items, by Size of Adjusted Gross Income--Continued**

(All figures are estimates based on samples--money amounts are in thousands of dollars.)

Size of adjusted gross income	Statutory adjustments--continued											
	IRA Payments		Student loan interest deduction		Educator expenses deduction		Tuition and fees deduction		Deduction for self-employment tax		Moving expense adjustment	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
All returns, total.....	3,418,494	10,006,814	6,953,370	4,409,816	3,240,673	805,734	3,571,154	6,683,631	15,373,279	19,791,285	1,023,888	2,439,835
No adjusted gross income.....	12,547	36,463	33,341	24,078	7,663	1,858	63,147	182,756	194,493	159,530	12,315	59,314
\$1 under \$5,000.....	32,140	63,363	82,980	48,891	10,927	3,316	158,479	343,924	1,134,825	265,879	20,015	42,442
\$5,000 under \$10,000.....	65,026	157,397	191,494	93,471	25,303	5,185	240,654	512,938	1,666,803	786,754	46,965	48,741
\$10,000 under \$15,000.....	99,582	205,577	343,337	147,480	61,710	12,893	175,597	294,585	1,519,494	1,053,710	61,383	113,358
\$15,000 under \$20,000.....	174,414	389,102	405,000	223,677	81,636	19,670	151,552	255,351	1,048,115	908,413	60,130	94,056
\$20,000 under \$25,000.....	209,766	483,557	464,225	239,023	86,467	20,549	139,868	236,337	888,593	845,829	65,957	74,210
\$25,000 under \$30,000.....	291,207	744,208	551,722	328,675	126,344	30,260	172,819	288,792	774,006	800,482	67,453	89,493
\$30,000 under \$40,000.....	440,063	1,169,763	1,006,918	645,303	362,771	84,755	220,933	288,580	1,304,893	1,452,841	129,028	231,156
\$40,000 under \$50,000.....	465,587	1,363,966	896,433	635,233	353,637	81,452	337,255	526,688	1,105,035	1,265,893	87,531	202,524
\$50,000 under \$75,000.....	664,337	1,934,923	1,547,213	971,950	807,261	198,577	535,627	916,020	2,094,066	2,763,708	199,609	479,363
\$75,000 under \$100,000.....	397,738	1,280,798	972,445	834,503	683,212	176,910	656,476	1,282,749	1,283,228	2,136,329	**276,503	**1,005,177
\$100,000 under \$200,000.....	448,825	1,683,518	458,263	217,531	574,186	155,711	718,756	1,574,911	1,562,101	3,772,098	**	**
\$200,000 under \$500,000.....	77,248	405,541	--	--	55,135	13,518	--	--	601,733	2,313,660	**	**
\$500,000 under \$1,000,000.....	13,299	72,372	--	--	3,595	887	--	--	127,811	630,939	**	**
\$1,000,000 under \$1,500,000.....	3,304	17,836	--	--	472	113	--	--	30,986	213,138	**	**
\$1,500,000 under \$2,000,000.....	1,308	7,042	--	--	179	39	--	--	12,712	105,101	**	**
\$2,000,000 under \$5,000,000.....	1,716	9,347	--	--	142	34	--	--	18,880	171,687	**	**
\$5,000,000 under \$10,000,000.....	277	1,437	--	--	27	6	--	--	4,765	58,813	**	**
\$10,000,000 or more.....	111	584	--	--	5	2	--	--	2,721	66,481	**	**
<b>Taxable returns, total.....</b>	<b>2,875,878</b>	<b>8,644,836</b>	<b>5,813,663</b>	<b>3,777,133</b>	<b>2,884,044</b>	<b>740,926</b>	<b>2,759,269</b>	<b>5,044,414</b>	<b>9,439,980</b>	<b>15,646,630</b>	<b>820,713</b>	<b>2,026,659</b>
No adjusted gross income.....	73	290	*8	*3	*6	*2	*13	*37	1,669	7,135	--	--
\$1 under \$5,000.....	--	--	--	--	--	--	--	--	29,564	3,458	--	--
\$5,000 under \$10,000.....	*9,762	*16,094	20,913	15,433	*3,981	*398	36,616	82,053	185,589	85,068	*9,949	*7,185
\$10,000 under \$15,000.....	30,573	43,763	213,927	100,021	31,768	6,500	95,009	130,262	384,019	286,768	32,696	55,428
\$15,000 under \$20,000.....	84,679	204,540	250,692	137,155	44,593	10,688	86,067	142,640	436,530	356,390	28,416	49,683
\$20,000 under \$25,000.....	134,654	314,492	308,614	161,358	55,974	12,434	70,183	95,901	432,015	360,003	49,271	36,472
\$25,000 under \$30,000.....	191,317	446,647	414,814	259,345	92,238	21,313	93,046	150,285	435,850	419,429	47,257	59,394
\$30,000 under \$40,000.....	382,201	997,173	858,479	554,914	315,866	73,969	177,187	224,118	988,302	1,067,296	107,303	186,419
\$40,000 under \$50,000.....	450,503	1,274,097	805,762	562,762	332,131	75,025	303,906	488,011	938,892	1,044,081	78,740	168,426
\$50,000 under \$75,000.....	652,177	1,900,605	1,509,393	945,272	792,600	193,895	526,182	902,124	2,002,021	2,608,247	190,593	459,579
\$75,000 under \$100,000.....	394,106	1,270,284	965,294	823,353	681,163	176,398	652,368	1,274,231	1,269,617	2,110,616	**276,487	**1,005,073
\$100,000 under \$200,000.....	448,639	1,663,011	457,765	217,516	574,181	155,709	718,694	1,574,753	1,556,940	3,760,322	**	**
\$200,000 under \$500,000.....	77,190	405,285	--	--	55,125	13,515	--	--	601,223	2,312,215	**	**
\$500,000 under \$1,000,000.....	13,291	72,325	--	--	3,592	887	--	--	127,730	630,688	**	**
\$1,000,000 or more.....	6,713	36,230	--	--	826	193	--	--	70,018	614,934	**	**
<b>Non-taxable returns, total.....</b>	<b>542,616</b>	<b>1,361,978</b>	<b>1,139,707</b>	<b>632,683</b>	<b>256,629</b>	<b>64,808</b>	<b>811,885</b>	<b>1,639,217</b>	<b>5,933,299</b>	<b>4,144,656</b>	<b>203,175</b>	<b>413,176</b>

Footnotes at end of table.

**Table 1.4--All Returns: Sources of Income, Adjustments, and Tax Items, by Size of Adjusted Gross Income--Continued**

(All figures are estimates based on samples--money amounts are in thousands of dollars.)

Size of adjusted gross income	Statutory adjustments--continued												Certain business expenses of reservist, performing artist, etc.	
	Payments to a Keogh plan		Penalty on early withdrawal of savings		Alimony paid		Self-employed health insurance deduction		Medical savings account deduction		Number of returns			Amount
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount		
<b>All returns, total</b> .....	<b>1,208,801</b>	<b>17,795,957</b>	<b>736,121</b>	<b>150,214</b>	<b>587,368</b>	<b>7,520,335</b>	<b>3,802,277</b>	<b>16,454,211</b>	<b>67,347</b>	<b>129,214</b>	<b>5,310</b>	<b>(178)</b>	<b>*22,563</b>	
No adjusted gross income.....	5,155	49,047	13,402	5,120	13,681	271,859	93,077	389,655	*174	*293	--	--	--	
\$1 under \$5,000.....	*5,206	*23,448	40,407	11,651	3,162	22,601	154,722	428,947	**720	**1,781	--	--	--	
\$5,000 under \$10,000.....	7,800	13,242	60,586	7,082	10,626	112,321	176,302	450,271	**	**	*209	*151	*151	
\$10,000 under \$15,000.....	10,988	66,492	57,268	22,334	20,969	134,766	227,166	640,095	*2,848	*1,221	--	--	--	
\$15,000 under \$20,000.....	14,023	74,302	48,602	8,084	26,638	127,353	243,499	788,529	**	**	--	--	--	
\$20,000 under \$25,000.....	25,755	106,665	50,988	5,615	11,609	69,622	228,986	752,133	*5,121	*8,937	--	--	--	
\$25,000 under \$30,000.....	20,304	74,687	32,581	2,435	25,415	155,739	193,001	623,369	*4,972	*7,957	--	--	--	
\$30,000 under \$40,000.....	57,195	356,515	74,960	15,033	56,326	297,384	364,981	1,269,897	*6,515	*9,443	--	--	--	
\$40,000 under \$50,000.....	49,252	338,349	60,575	10,346	45,739	299,001	288,147	1,124,293	**	**	*4,047	*19,578	*19,578	
\$50,000 under \$75,000.....	150,991	1,096,623	135,903	38,141	115,090	1,023,457	539,003	2,170,493	**16,571	**24,940	--	--	--	
\$75,000 under \$100,000.....	170,158	1,606,662	71,450	6,360	86,949	870,239	363,094	1,674,288	**27,685	**66,405	--	--	--	
\$100,000 under \$200,000.....	384,088	5,379,823	70,895	11,612	111,028	1,703,027	523,004	3,052,042	**	**	*706	*2,760	*2,760	
\$200,000 under \$500,000.....	239,651	6,121,878	14,853	3,554	42,592	1,263,568	285,981	2,069,406	**	**	*349	*94	*94	
\$500,000 under \$1,000,000.....	**68,234	**2,488,224	2,460	1,617	11,343	611,269	77,382	638,102	2,049	6,159	--	--	--	
\$1,000,000 under \$1,500,000.....	**	**	560	263	2,715	199,305	19,677	167,209	454	1,365	--	--	--	
\$1,500,000 under \$2,000,000.....	**	**	256	479	1,054	81,503	8,704	76,595	116	349	--	--	--	
\$2,000,000 under \$5,000,000.....	**	**	257	195	1,719	155,213	11,636	101,755	107	324	--	--	--	
\$5,000,000 under \$10,000,000.....	**	**	75	88	464	69,250	2,559	23,754	**14	**42	--	--	--	
\$10,000,000 or more.....	**	**	45	206	249	52,857	1,356	13,378	**	**	--	--	--	
<b>Taxable returns, total</b> .....	<b>1,144,993</b>	<b>17,388,922</b>	<b>540,675</b>	<b>103,382</b>	<b>530,755</b>	<b>6,858,246</b>	<b>2,783,824</b>	<b>12,878,169</b>	<b>56,669</b>	<b>114,422</b>	<b>*5,101</b>	<b>(178)</b>	<b>*22,432</b>	
No adjusted gross income.....	37	1,734	*10	*4	46	6,254	956	3,416	**	**	--	--	--	
\$1 under \$5,000.....	--	--	*2,944	*194	--	--	*6	*52	--	--	--	--	--	
\$5,000 under \$10,000.....	*711	*1,695	*15,842	*501	*3,005	*10,259	20,444	35,806	--	--	--	--	--	
\$10,000 under \$15,000.....	*4,754	*10,026	21,638	6,165	*10,078	*69,285	76,605	155,928	**1,903	**1,164	--	--	--	
\$15,000 under \$20,000.....	*4,756	*23,187	26,230	6,243	20,477	84,099	119,773	299,055	*2,775	*4,079	--	--	--	
\$20,000 under \$25,000.....	19,316	69,034	35,181	4,927	*9,004	*39,916	123,339	362,196	*3,889	*6,134	--	--	--	
\$25,000 under \$30,000.....	15,489	62,831	25,592	2,269	22,143	142,380	118,800	371,344	*2,993	*5,309	--	--	--	
\$30,000 under \$40,000.....	49,618	315,524	69,373	14,399	51,864	260,965	274,809	918,969	*3,505	*7,633	--	--	--	
\$40,000 under \$50,000.....	46,475	300,811	53,194	7,143	42,962	267,886	257,822	960,148	*5,075	*6,592	--	--	--	
\$50,000 under \$75,000.....	143,773	1,040,840	132,787	38,053	113,953	995,997	507,059	2,011,654	6,216	9,283	--	--	--	
\$75,000 under \$100,000.....	168,402	1,583,418	69,394	5,753	86,225	859,307	354,994	1,625,154	**27,573	**65,991	--	--	--	
\$100,000 under \$200,000.....	383,851	5,371,653	70,024	11,384	110,929	1,693,363	522,285	3,046,883	**	**	*706	*2,760	*2,760	
\$200,000 under \$500,000.....	239,590	6,120,322	14,822	3,530	42,538	1,260,243	285,695	2,067,309	**	**	*349	*94	*94	
\$500,000 under \$1,000,000.....	**68,222	**2,487,844	2,456	1,613	11,335	610,937	77,328	637,724	2,049	6,159	--	--	--	
\$1,000,000 or more.....	**	**	1,187	1,204	6,196	537,354	43,910	382,531	692	2,079	--	--	--	
<b>Nontaxable returns, total</b> .....	<b>63,807</b>	<b>407,035</b>	<b>195,446</b>	<b>46,832</b>	<b>56,613</b>	<b>662,089</b>	<b>1,016,453</b>	<b>3,576,042</b>	<b>10,678</b>	<b>14,792</b>	<b>*209</b>	<b>(178)</b>	<b>*151</b>	

Footnotes at end of table.

**Table 1.4--All Returns: Sources of Income, Adjustments, and Tax Items, by Size of Adjusted Gross Income--Continued**

(All figures are estimates based on samples--money amounts are in thousands of dollars.)

Size of adjusted gross income	Statutory adjustments--continued						Basic standard deduction		Additional standard deduction		Total itemized deductions		Exemptions		
	Other adjustments		Foreign housing adjustment		Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	
	Number of returns	Amount	Number of returns	Amount											(179)
All returns, total.....	272,647	1,314,285	1,491	51,765	84,643,281	539,921,089	11,200,647	15,858,963	43,949,591	901,864,834	261,126,373	781,305,067			
No adjusted gross income.....	812	2,987	**3	**56	--	--	--	--	--	--	2,841,446	8,675,128			
\$1 under \$5,000.....	*5,636	*74,102	--	--	11,353,305	47,828,117	896,793	1,168,755	344,323	5,143,324	9,372,497	28,759,397			
\$5,000 under \$10,000.....	*10,104	*33,684	--	--	11,858,947	66,333,250	1,568,581	2,051,900	644,463	9,140,858	16,174,263	49,242,400			
\$10,000 under \$15,000.....	*10,972	*74,381	--	--	10,958,090	66,839,490	1,844,783	2,535,891	1,039,910	12,797,467	20,250,127	61,669,538			
\$15,000 under \$20,000.....	*9,724	*39,830	**	**	9,964,186	63,875,762	1,564,891	2,269,584	1,326,842	17,131,242	20,924,973	63,729,281			
\$20,000 under \$25,000.....	*6,876	*20,089	--	--	8,211,219	53,584,632	1,006,199	1,494,100	1,617,007	20,867,672	19,028,170	57,950,513			
\$25,000 under \$30,000.....	14,102	22,105	--	--	6,996,937	44,992,551	719,291	1,045,958	1,841,897	23,898,093	17,345,037	52,839,113			
\$30,000 under \$40,000.....	27,465	125,417	--	--	9,504,261	65,852,690	1,083,464	1,582,972	4,449,065	58,796,152	28,562,151	87,034,172			
\$40,000 under \$50,000.....	27,021	98,282	--	**	9,950,870	44,967,549	763,618	1,093,724	4,501,574	63,813,263	23,564,173	71,829,706			
\$50,000 under \$75,000.....	74,555	155,807	**3	**112	7,050,508	58,253,645	1,051,003	1,538,909	10,321,837	167,694,310	43,163,930	131,566,699			
\$75,000 under \$100,000.....	31,471	128,034	**	**	2,067,496	18,291,976	417,267	633,133	7,475,102	143,717,935	26,697,920	81,405,117			
\$100,000 under \$200,000.....	42,887	303,210	*531	*12,444	862,219	7,695,999	**284,759	**444,056	8,016,424	208,816,881	25,723,994	78,144,615			
\$200,000 under \$500,000.....	8,962	130,520	**954	**39,153	122,413	1,038,956	**	**	1,876,601	84,315,913	5,909,596	8,460,389			
\$500,000 under \$1,000,000.....	1,404	77,528	**	**	26,963	230,228	**	**	329,147	28,295,286	1,045,810	( <sup>1</sup> )			
\$1,000,000 under \$1,500,000.....	325	16,208	**	**	8,483	72,098	**	**	73,232	10,505,751	235,774	( <sup>1</sup> )			
\$1,500,000 under \$2,000,000.....	96	7,715	**	**	3,316	28,891	**	**	30,700	6,008,211	99,071	( <sup>1</sup> )			
\$2,000,000 under \$5,000,000.....	148	2,655	**	**	3,469	29,994	**	**	44,803	14,086,810	138,498	( <sup>1</sup> )			
\$5,000,000 under \$10,000,000.....	43	573	**	**	458	3,850	**	**	10,709	7,805,751	31,634	( <sup>1</sup> )			
\$10,000,000 or more.....	23	1,157	**	**	171	1,409	**	**	5,955	19,029,915	17,308	( <sup>1</sup> )			
<b>Taxable returns, total.....</b>	<b>220,842</b>	<b>1,023,644</b>	<b>1,473</b>	<b>51,175</b>	<b>50,204,299</b>	<b>320,708,076</b>	<b>7,583,438</b>	<b>10,644,550</b>	<b>38,696,170</b>	<b>798,102,464</b>	<b>171,517,325</b>	<b>508,136,861</b>			
No adjusted gross income.....	**	**	--	--	--	--	--	--	--	--	9,781	29,763			
\$1 under \$5,000.....	--	--	--	--	828,014	1,870,765	*5,969	*9,153	7,908	16,568	*2,059	*6,281			
\$5,000 under \$10,000.....	--	--	--	--	4,087,740	18,983,208	231,216	265,762	28,503	85,830	1,546,844	4,707,833			
\$10,000 under \$15,000.....	**7,891	**15,914	--	--	5,656,971	26,977,162	1,025,050	1,196,652	381,950	2,733,778	5,333,398	16,244,874			
\$15,000 under \$20,000.....	*2,937	*5,904	--	--	5,640,875	31,044,199	1,088,817	1,456,225	660,289	5,673,196	7,251,482	22,082,044			
\$20,000 under \$25,000.....	*3,896	*4,213	--	--	5,116,329	29,819,691	954,337	1,425,599	975,975	9,672,750	7,786,726	23,712,745			
\$25,000 under \$30,000.....	*6,925	*7,739	--	--	4,843,423	28,588,342	691,828	1,014,210	1,245,749	13,129,721	8,711,721	26,533,885			
\$30,000 under \$40,000.....	17,431	88,686	--	--	8,256,960	54,783,973	1,072,438	1,570,805	3,595,189	41,871,409	19,880,194	60,567,820			
\$40,000 under \$50,000.....	23,070	91,694	--	--	5,663,438	42,318,494	760,763	1,090,062	4,004,928	52,242,562	19,893,398	60,640,062			
\$50,000 under \$75,000.....	73,411	149,519	--	--	7,020,063	57,966,159	1,051,003	1,538,909	10,004,710	157,143,955	41,533,969	126,599,462			
\$75,000 under \$100,000.....	31,424	121,919	--	--	2,063,278	18,256,643	417,263	633,127	7,422,845	140,892,607	26,426,166	80,576,420			
\$100,000 under \$200,000.....	42,843	302,050	*526	*12,287	862,105	7,695,100	**284,752	**444,045	7,999,659	206,601,329	25,670,930	77,984,171			
\$200,000 under \$500,000.....	8,979	130,450	**947	**38,889	122,312	1,038,152	**	**	1,874,473	83,642,960	5,903,983	8,452,503			
\$500,000 under \$1,000,000.....	1,400	77,454	**	**	26,924	230,010	**	**	328,786	28,029,019	1,044,882	( <sup>1</sup> )			
\$1,000,000 or more.....	635	28,101	**	**	15,869	135,177	**	**	185,204	56,366,780	521,790	( <sup>1</sup> )			
<b>Nontaxable returns, total.....</b>	<b>51,805</b>	<b>290,640</b>	<b>18</b>	<b>590</b>	<b>34,438,982</b>	<b>219,213,013</b>	<b>3,617,209</b>	<b>5,214,413</b>	<b>5,253,421</b>	<b>103,762,370</b>	<b>89,609,048</b>	<b>273,168,205</b>			

Footnotes at end of table.

**Table 1.4--All Returns: Sources of Income, Adjustments, and Tax Items, by Size of Adjusted Gross Income--Continued**  
(All figures are estimates based on samples--money amounts are in thousands of dollars.)

Size of adjusted gross income	Taxable income		Alternative minimum tax		Income tax before credits	
	Number of returns (191)	Amount (192)	Number of returns (193)	Amount (194)	Number of returns (195)	Amount (196)
<b>All returns, total.....</b>	<b>101,392,812</b>	<b>4,200,218,439</b>	<b>2,357,975</b>	<b>9,469,803</b>	<b>101,412,777</b>	<b>790,005,881</b>
No adjusted gross income.....	--	--	**5,462	**82,427	7,779	81,336
\$1 under \$5,000.....	858,777	618,611	**	**	854,555	74,459
\$5,000 under \$10,000.....	4,833,709	8,546,531	3,309	4,611	4,830,324	867,302
\$10,000 under \$15,000.....	7,183,046	31,151,196	548	2,679	7,187,897	3,149,040
\$15,000 under \$20,000.....	8,943,234	60,138,378	2,043	3,615	8,943,342	6,631,497
\$20,000 under \$25,000.....	9,018,184	90,719,851	1,745	11,697	9,017,388	10,645,595
\$25,000 under \$30,000.....	8,230,217	114,185,800	2,105	9,986	8,231,242	13,929,331
\$30,000 under \$40,000.....	13,724,586	273,848,438	5,090	2,118	13,724,649	34,740,515
\$40,000 under \$50,000.....	10,366,679	286,911,458	12,453	16,980	10,361,133	39,565,885
\$50,000 under \$75,000.....	17,318,859	707,527,353	85,664	86,149	17,321,182	103,640,517
\$75,000 under \$100,000.....	9,528,077	577,227,012	109,977	185,177	9,530,650	90,257,737
\$100,000 under \$200,000.....	8,864,366	875,871,197	844,104	1,875,212	8,868,136	166,934,072
\$200,000 under \$500,000.....	1,996,647	482,851,392	**1,285,477	**7,189,154	1,997,474	122,410,418
\$500,000 under \$1,000,000.....	355,526	212,835,816	**	**	355,886	61,311,857
\$1,000,000 under \$1,500,000.....	81,525	88,369,158	**	**	81,622	26,083,344
\$1,500,000 under \$2,000,000.....	33,949	52,503,976	**	**	33,995	15,651,059
\$2,000,000 under \$5,000,000.....	48,175	128,218,696	**	**	48,246	37,797,164
\$5,000,000 under \$10,000,000.....	11,151	68,513,593	**	**	11,162	19,799,764
\$10,000,000 or more.....	6,105	140,179,982	**	**	6,116	36,434,988
<b>Taxable returns, total.....</b>	<b>88,899,370</b>	<b>4,115,059,975</b>	<b>2,348,568</b>	<b>9,465,350</b>	<b>88,921,900</b>	<b>780,989,837</b>
No adjusted gross income.....	--	--	**4,553	**81,917	4,518	80,665
\$1 under \$5,000.....	833,898	610,224	**	**	835,922	73,535
\$5,000 under \$10,000.....	4,115,044	7,956,943	3,235	4,525	4,116,242	808,631
\$10,000 under \$15,000.....	6,042,418	28,261,844	507	2,632	6,042,925	2,861,418
\$15,000 under \$20,000.....	6,302,027	50,371,975	2,033	3,611	6,304,103	5,626,945
\$20,000 under \$25,000.....	6,094,991	72,410,263	1,704	11,617	6,095,228	8,768,150
\$25,000 under \$30,000.....	6,092,049	97,429,358	2,074	9,963	6,092,090	12,179,343
\$30,000 under \$40,000.....	11,856,021	254,354,428	4,161	1,759	11,856,081	32,667,273
\$40,000 under \$50,000.....	9,665,520	276,796,514	9,657	15,730	9,668,366	38,458,350
\$50,000 under \$75,000.....	17,022,619	702,291,485	84,705	86,034	17,024,921	103,048,443
\$75,000 under \$100,000.....	9,484,573	575,890,228	106,905	184,051	9,486,123	90,098,769
\$100,000 under \$200,000.....	8,858,018	875,512,626	843,569	1,874,481	8,861,764	166,873,549
\$200,000 under \$500,000.....	1,995,958	482,717,655	**1,285,463	**7,189,029	1,996,787	122,382,982
\$500,000 under \$1,000,000.....	355,390	212,761,707	**	**	355,750	61,295,573
\$1,000,000 or more.....	180,846	477,694,727	**	**	181,080	135,746,214
<b>Nontaxable returns, total.....</b>	<b>12,493,442</b>	<b>85,158,463</b>	<b>9,407</b>	<b>4,453</b>	<b>12,490,877</b>	<b>9,016,043</b>

(\*) No exemption allowed at these income levels.

\* Estimate should be used with caution due to the small number of sample returns on which it is based.

\*\* Data combined to avoid disclosure of information for specific taxpayers.

(Z) Less than \$500.

NOTE: Detail may not add to totals because of rounding.

**Table 1.4CV--Coefficient of Variation for All Returns: Sources of Income, Adjustments, and Tax Items, by Size of Adjusted Gross Income**

(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	Number of returns	Adjusted gross income less deficit	Salaries and wages		Taxable interest		Tax-exempt interest		Ordinary dividends		Qualified dividends	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
<b>All returns, total.....</b>	<b>0.03</b>	<b>0.12</b>	<b>0.14</b>	<b>0.21</b>	<b>0.34</b>	<b>1.08</b>	<b>1.52</b>	<b>1.77</b>	<b>0.55</b>	<b>1.18</b>	<b>0.66</b>	<b>1.43</b>
No adjusted gross income.....	1.64	1.09	3.26	3.87	2.26	2.72	8.01	6.66	2.48	3.32	2.99	4.58
\$1 under \$5,000.....	1.11	1.29	1.29	1.94	2.29	4.70	10.71	23.50	3.01	5.82	3.59	8.17
\$5,000 under \$10,000.....	1.08	1.11	1.26	1.38	2.17	4.52	9.73	18.93	3.24	5.60	3.93	7.36
\$10,000 under \$15,000.....	1.11	1.12	1.30	1.41	2.12	4.68	8.95	21.69	3.07	5.66	3.63	7.31
\$15,000 under \$20,000.....	1.16	1.16	1.31	1.38	2.12	4.89	8.52	18.26	3.07	6.12	3.67	7.60
\$20,000 under \$25,000.....	1.26	1.26	1.38	1.44	2.26	5.60	9.66	18.39	3.38	7.30	4.02	8.68
\$25,000 under \$30,000.....	1.37	1.37	1.46	1.53	2.34	6.55	10.22	19.02	3.49	7.95	4.21	9.57
\$30,000 under \$40,000.....	1.04	1.04	1.12	1.18	1.62	5.06	6.86	13.76	2.49	5.89	2.93	7.73
\$40,000 under \$50,000.....	1.07	1.08	1.16	1.22	1.62	5.18	6.38	12.29	2.45	5.89	2.86	7.21
\$50,000 under \$75,000.....	0.77	0.78	0.82	0.89	1.06	4.11	4.71	8.20	1.64	4.69	1.94	6.00
\$75,000 under \$100,000.....	0.94	0.95	1.01	1.09	1.22	5.43	5.23	8.55	1.85	6.11	2.19	7.72
\$100,000 under \$200,000.....	0.97	0.90	1.04	1.07	1.07	3.85	3.17	4.82	1.37	4.39	1.57	5.32
\$200,000 under \$500,000.....	1.00	0.88	1.12	1.21	1.03	3.28	2.11	3.61	1.15	3.44	1.26	3.67
\$500,000 under \$1,000,000.....	1.15	1.02	1.33	1.53	1.17	2.89	1.84	3.22	1.25	3.59	1.34	4.16
\$1,000,000 under \$1,500,000.....	1.40	1.30	1.59	2.01	1.41	3.32	1.94	3.12	1.47	3.93	1.54	4.45
\$1,500,000 under \$2,000,000.....	1.21	1.22	1.38	1.89	1.22	2.97	1.69	3.38	1.27	3.97	1.35	4.62
\$2,000,000 under \$5,000,000.....	0.64	0.54	0.74	1.04	0.64	1.46	0.86	1.69	0.66	2.04	0.70	2.39
\$5,000,000 under \$10,000,000.....	0.71	0.57	0.78	1.03	0.71	1.00	0.82	0.65	0.72	1.57	0.75	1.83
\$10,000,000 or more.....	--	--	--	--	--	--	--	--	--	--	--	--
<b>Taxable returns, total.....</b>	<b>0.21</b>	<b>0.14</b>	<b>0.26</b>	<b>0.24</b>	<b>0.39</b>	<b>1.20</b>	<b>1.62</b>	<b>1.85</b>	<b>0.62</b>	<b>1.27</b>	<b>0.73</b>	<b>1.51</b>
No adjusted gross income.....	17.19	2.29	22.91	13.08	17.09	3.46	19.92	11.47	17.24	4.18	17.67	5.78
\$1 under \$5,000.....	4.48	5.17	6.08	7.08	6.04	10.23	22.93	39.80	6.37	9.06	7.01	10.89
\$5,000 under \$10,000.....	2.04	2.08	2.17	2.26	3.97	10.35	18.77	42.15	6.11	12.03	7.29	16.36
\$10,000 under \$15,000.....	1.66	1.67	1.89	1.98	2.98	6.51	12.91	22.76	4.38	8.51	5.15	11.02
\$15,000 under \$20,000.....	1.61	1.62	1.84	1.93	2.73	6.05	10.79	25.18	3.92	7.77	4.64	9.52
\$20,000 under \$25,000.....	1.65	1.65	1.84	1.93	2.67	6.31	11.17	21.95	3.93	8.59	4.66	10.32
\$25,000 under \$30,000.....	1.65	1.65	1.79	1.87	2.70	7.22	11.88	23.91	3.97	8.98	4.82	11.43
\$30,000 under \$40,000.....	1.14	1.15	1.23	1.30	1.74	5.38	7.40	15.56	2.68	6.48	3.16	8.62
\$40,000 under \$50,000.....	1.13	1.14	1.22	1.29	1.68	5.27	6.67	13.87	2.55	6.15	2.98	7.50
\$50,000 under \$75,000.....	0.78	0.79	0.83	0.90	1.08	4.22	4.81	8.84	1.66	4.84	1.96	6.20
\$75,000 under \$100,000.....	0.95	0.96	1.02	1.10	1.23	5.51	5.30	9.11	1.86	6.25	2.20	7.90
\$100,000 under \$200,000.....	0.97	0.90	1.04	1.07	1.08	3.90	3.19	4.97	1.37	4.44	1.57	5.38
\$200,000 under \$500,000.....	1.00	0.88	1.12	1.21	1.03	3.33	2.11	3.64	1.16	3.49	1.27	3.69
\$500,000 under \$1,000,000.....	1.16	1.02	1.33	1.53	1.17	2.92	1.84	3.23	1.25	3.60	1.34	4.18
\$1,000,000 or more.....	0.62	0.26	0.72	0.61	0.62	0.70	0.82	0.88	0.65	0.87	0.69	1.01
<b>Nontaxable returns, total.....</b>	<b>0.46</b>	<b>0.87</b>	<b>0.56</b>	<b>0.85</b>	<b>1.07</b>	<b>2.30</b>	<b>4.41</b>	<b>6.05</b>	<b>1.48</b>	<b>2.77</b>	<b>1.77</b>	<b>3.59</b>

Footnotes at end of table.

**Table 1.4CV--Coefficient of Variation for All Returns: Sources of Income, Adjustments, and Tax Items, by Size of Adjusted Gross Income--Continued**

(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	State income tax refunds		Alimony received		Business or profession		Net loss		Capital gain distributions		Capital gain distributions (post 5/5/03)	
	Number of returns (13)	Amount (14)	Number of returns (15)	Amount (16)	Number of returns (17)	Amount (18)	Number of returns (19)	Amount (20)	Number of returns (21)	Amount (22)	Number of returns (23)	Amount (24)
<b>All returns, total.....</b>	<b>0.65</b>	<b>0.85</b>	<b>4.98</b>	<b>6.97</b>	<b>0.48</b>	<b>0.97</b>	<b>1.33</b>	<b>1.79</b>	<b>3.84</b>	<b>15.86</b>	<b>4.67</b>	<b>24.45</b>
No adjusted gross income.....	7.11	6.35	41.04	44.05	5.44	5.76	3.00	3.71	33.20	37.10	41.89	46.85
\$1 under \$5,000.....	10.60	14.78	25.85	37.65	2.91	4.30	8.04	13.81	13.56	29.63	16.50	26.34
\$5,000 under \$10,000.....	8.14	10.79	19.81	21.15	2.51	2.99	7.95	11.34	16.38	29.39	23.26	38.69
\$10,000 under \$15,000.....	6.33	9.35	14.46	16.67	2.63	3.21	6.75	9.33	16.77	27.67	21.18	38.84
\$15,000 under \$20,000.....	5.31	7.90	17.14	20.73	3.20	4.12	6.77	9.17	16.19	39.71	18.78	57.60
\$20,000 under \$25,000.....	4.83	6.52	15.75	18.31	3.62	4.96	6.65	9.62	18.26	65.56	24.22	34.92
\$25,000 under \$30,000.....	4.25	5.68	19.28	22.79	3.86	5.39	6.70	8.96	19.34	35.10	22.84	48.73
\$30,000 under \$40,000.....	2.64	3.56	12.26	14.48	2.89	4.28	5.12	7.34	14.27	23.81	16.62	31.28
\$40,000 under \$50,000.....	2.40	3.57	14.47	18.87	3.15	4.92	5.11	7.47	13.97	26.73	16.79	25.66
\$50,000 under \$75,000.....	1.51	2.14	12.93	15.62	2.27	3.77	3.80	6.01	9.56	53.46	12.12	61.59
\$75,000 under \$100,000.....	1.71	2.52	**17.35	**16.36	2.96	4.38	5.06	7.00	**6.48	**18.81	13.35	40.93
\$100,000 under \$200,000.....	1.56	2.15	**	**	2.32	2.69	4.61	6.01	**	**	**9.12	**20.86
\$200,000 under \$500,000.....	1.61	3.55	**	**	2.21	2.80	4.47	6.94	**	**	**	**
\$500,000 under \$1,000,000.....	1.78	3.25	**	**	2.63	3.72	5.00	6.29	**	**	17.38	49.80
\$1,000,000 under \$1,500,000.....	2.01	3.38	**	**	3.22	4.50	5.15	7.32	**	**	19.80	39.86
\$1,500,000 under \$2,000,000.....	1.75	3.20	**	**	3.26	5.90	4.94	9.41	**	**	27.04	49.76
\$2,000,000 under \$5,000,000.....	0.94	2.24	**	**	1.79	3.51	2.63	3.44	**	**	15.11	28.30
\$5,000,000 under \$10,000,000.....	0.91	1.29	**	**	1.60	2.82	1.88	0.51	**	**	35.59	19.18
\$10,000,000 or more.....	—	—	**	**	—	—	—	—	**	**	—	—
<b>Taxable returns, total.....</b>	<b>0.68</b>	<b>0.89</b>	<b>5.79</b>	<b>7.81</b>	<b>0.84</b>	<b>1.18</b>	<b>1.68</b>	<b>2.32</b>	<b>4.23</b>	<b>18.66</b>	<b>5.07</b>	<b>26.80</b>
No adjusted gross income.....	35.33	10.24	—	—	37.88	28.05	29.53	15.49	91.53	91.53	91.53	91.53
\$1 under \$5,000.....	74.87	85.43	—	—	28.91	33.65	54.35	52.24	22.65	63.35	26.27	33.76
\$5,000 under \$10,000.....	24.83	34.56	37.72	42.18	8.37	10.31	23.50	24.76	29.19	67.60	40.54	63.07
\$10,000 under \$15,000.....	11.29	20.08	21.01	23.75	5.35	6.65	12.53	18.39	20.99	40.64	26.49	35.68
\$15,000 under \$20,000.....	7.54	10.98	22.36	26.60	5.15	6.73	10.24	14.81	19.87	55.22	23.66	69.09
\$20,000 under \$25,000.....	6.24	8.41	19.92	23.43	5.34	7.70	9.14	13.32	21.46	68.17	28.44	41.52
\$25,000 under \$30,000.....	5.19	7.01	20.42	23.98	5.22	7.58	8.59	12.06	22.13	35.62	26.20	49.44
\$30,000 under \$40,000.....	2.93	3.77	12.81	15.18	3.44	5.20	5.96	8.25	14.87	25.45	17.09	32.89
\$40,000 under \$50,000.....	2.57	3.67	14.77	19.46	3.43	5.48	5.62	8.34	14.11	23.00	16.80	26.38
\$50,000 under \$75,000.....	1.53	2.18	12.98	15.73	2.34	3.93	3.88	6.11	9.65	53.95	12.12	61.60
\$75,000 under \$100,000.....	1.72	2.54	**17.37	**16.36	2.97	4.42	5.08	7.09	**6.48	**18.91	13.35	40.93
\$100,000 under \$200,000.....	1.57	2.16	**	**	2.33	2.69	4.62	6.08	**	**	**9.12	**20.86
\$200,000 under \$500,000.....	1.61	3.57	**	**	2.21	2.81	4.48	7.10	**	**	**	**
\$500,000 under \$1,000,000.....	1.79	3.26	**	**	2.63	3.72	5.01	6.34	**	**	17.38	49.80
\$1,000,000 or more.....	0.91	0.99	**	**	1.63	2.00	2.46	1.90	**	**	14.66	31.45
<b>Nontaxable returns, total.....</b>	<b>2.48</b>	<b>3.24</b>	<b>9.90</b>	<b>11.61</b>	<b>1.01</b>	<b>1.71</b>	<b>2.48</b>	<b>2.91</b>	<b>9.33</b>	<b>14.18</b>	<b>12.01</b>	<b>18.24</b>

Footnotes at end of table.



**Table 1.4CV--Coefficient of Variation for All Returns: Sources of Income, Adjustments, and Tax Items, by Size of Adjusted Gross Income--Continued**

(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	Sales of capital assets reported on Form 1040, Schedule D											
	Taxable net gain		Taxable net loss		Net capital gain before exclusion/loss before limitation (post 5/5/03)		Short-term capital gain		Short-term capital loss		Short-term capital gain (post 5/5/03)	
	Number of returns (25)	Amount (26)	Number of returns (27)	Amount (28)	Number of returns (29)	Amount (30)	Number of returns (31)	Amount (32)	Number of returns (33)	Amount (34)	Number of returns (35)	Amount (36)
All returns, total.....	1.09	0.68	0.88	0.93	1.36	0.87	1.71	1.85	1.28	0.96	2.35	2.66
No adjusted gross income.....	5.66	2.75	2.28	2.42	7.36	3.80	8.04	4.13	3.55	2.62	8.79	9.92
\$1 under \$5,000.....	5.61	15.38	4.11	4.09	7.14	20.71	8.68	18.63	5.92	7.98	12.70	33.58
\$5,000 under \$10,000.....	5.97	10.30	4.62	4.79	7.63	14.49	9.58	15.41	6.92	7.95	12.31	24.74
\$10,000 under \$15,000.....	6.03	9.04	4.57	4.87	7.91	13.31	9.03	16.98	7.40	8.36	14.18	23.23
\$15,000 under \$20,000.....	5.25	8.04	4.89	5.12	6.79	10.33	9.07	24.74	7.47	8.27	13.22	24.11
\$20,000 under \$25,000.....	5.85	9.03	5.29	5.67	7.44	11.24	10.19	18.42	7.56	8.58	15.45	33.56
\$25,000 under \$30,000.....	6.46	11.25	5.38	5.80	8.32	17.05	10.27	19.80	8.13	8.10	13.73	19.95
\$30,000 under \$40,000.....	4.61	7.55	3.84	4.17	5.89	11.76	7.44	13.76	5.75	6.38	10.19	20.57
\$40,000 under \$50,000.....	4.47	7.58	3.85	4.20	5.45	10.51	6.98	13.58	5.69	5.35	10.10	17.87
\$50,000 under \$75,000.....	3.06	4.94	2.65	2.89	3.83	6.42	4.80	9.46	4.02	4.13	6.85	12.19
\$75,000 under \$100,000.....	3.53	5.47	3.09	3.38	4.35	7.12	5.59	11.60	4.55	4.55	7.70	12.62
\$100,000 under \$200,000.....	2.44	3.14	2.13	2.28	2.98	4.15	3.66	6.77	2.96	2.96	4.94	7.60
\$200,000 under \$500,000.....	1.92	2.65	1.76	1.83	2.25	3.28	2.80	6.27	2.16	2.67	3.79	7.96
\$500,000 under \$1,000,000.....	1.98	2.57	1.91	1.96	2.21	3.20	2.69	5.80	2.05	2.82	3.49	7.19
\$1,000,000 under \$1,500,000.....	2.06	2.66	2.25	2.29	2.32	3.27	2.72	5.28	2.24	3.02	3.75	10.03
\$1,500,000 under \$2,000,000.....	1.80	2.55	2.09	2.12	2.02	3.06	2.39	5.85	2.03	3.32	3.28	9.21
\$2,000,000 under \$5,000,000.....	0.95	1.20	1.22	1.23	1.08	1.49	1.29	2.90	1.09	1.78	1.80	4.01
\$5,000,000 under \$10,000,000.....	0.86	0.83	1.32	1.34	0.93	1.00	1.12	1.53	1.06	1.22	1.62	1.37
\$10,000,000 or more.....	--	--	--	--	--	--	--	--	--	--	--	--
<b>Taxable returns, total.....</b>	<b>1.19</b>	<b>0.69</b>	<b>1.05</b>	<b>1.13</b>	<b>1.46</b>	<b>0.88</b>	<b>1.86</b>	<b>1.71</b>	<b>1.51</b>	<b>1.18</b>	<b>2.63</b>	<b>2.84</b>
No adjusted gross income.....	21.51	4.27	21.92	22.78	23.68	4.72	14.22	5.78	22.21	11.41	32.68	6.43
\$1 under \$5,000.....	8.45	12.28	17.30	17.91	9.76	15.53	15.85	25.75	23.36	40.85	43.70	58.21
\$5,000 under \$10,000.....	9.65	13.82	11.10	12.71	11.35	18.22	18.90	33.92	17.91	23.99	28.09	43.11
\$10,000 under \$15,000.....	8.58	12.22	7.22	7.76	11.10	17.45	14.10	22.33	12.20	16.43	25.55	41.58
\$15,000 under \$20,000.....	6.63	10.49	6.50	6.82	8.40	13.03	11.52	20.82	10.10	12.91	18.24	33.93
\$20,000 under \$25,000.....	6.78	9.87	6.40	6.96	8.67	12.58	11.68	21.73	9.50	12.49	18.55	45.31
\$25,000 under \$30,000.....	7.31	12.32	6.32	6.89	9.43	20.26	11.63	21.41	9.88	10.41	17.12	27.66
\$30,000 under \$40,000.....	5.06	8.62	4.19	4.58	6.40	13.69	8.34	16.30	6.41	8.05	11.46	25.61
\$40,000 under \$50,000.....	4.66	8.14	4.07	4.45	5.69	11.33	7.37	15.33	6.03	5.99	10.77	20.59
\$50,000 under \$75,000.....	3.11	5.13	2.70	2.95	3.91	6.70	4.88	9.74	4.12	4.57	6.96	12.38
\$75,000 under \$100,000.....	3.56	5.59	3.11	3.41	4.40	7.28	5.64	11.09	4.60	4.82	7.81	12.88
\$100,000 under \$200,000.....	2.45	3.15	2.14	2.29	2.99	4.17	3.67	6.84	2.98	3.05	4.95	7.72
\$200,000 under \$500,000.....	1.93	2.66	1.76	1.83	2.25	3.29	2.80	6.41	2.16	2.73	3.79	8.03
\$500,000 under \$1,000,000.....	1.98	2.58	1.91	1.96	2.21	3.21	2.69	5.86	2.05	2.86	3.49	7.45
\$1,000,000 or more.....	0.91	0.43	1.14	1.15	1.02	0.56	1.22	0.97	1.03	1.06	1.72	1.32
<b>Nontaxable returns, total.....</b>	<b>2.98</b>	<b>3.23</b>	<b>1.68</b>	<b>1.67</b>	<b>3.92</b>	<b>4.64</b>	<b>4.36</b>	<b>6.05</b>	<b>2.43</b>	<b>1.98</b>	<b>5.22</b>	<b>7.36</b>

Footnotes at end of table.

**Table 1.4CV--Coefficient of Variation for All Returns: Sources of Income, Adjustments, and Tax Items, by Size of Adjusted Gross Income--Continued**

(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	Sales of capital assets reported on Form 1040, Schedule D--continued											
	Short-term loss carryover		Net short-term gain from sales of capital assets		Net short-term loss from sales of capital assets		Net short-term gain from sales of capital assets (post-5/5/03)		Net short-term loss from sales of capital assets (post-5/5/03)		Short-term gain from other forms (2119, 4797, etc.)	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
(37)	(38)	(39)	(40)	(41)	(42)	(43)	(44)	(45)	(46)	(47)	(48)	
<b>All returns, total</b> .....	1.57	1.09	1.57	2.58	1.82	2.32	1.91	2.56	2.44	2.96	7.74	4.55
No adjusted gross income.....	4.11	2.72	6.30	5.40	5.89	7.31	7.77	6.87	9.19	11.29	30.41	10.01
\$1 under \$5,000.....	7.32	8.52	8.28	19.17	8.57	16.42	9.60	19.77	12.83	34.17	83.79	63.96
\$5,000 under \$10,000.....	8.53	8.46	9.17	14.29	9.29	17.39	11.01	18.27	12.55	24.77	64.69	53.75
\$10,000 under \$15,000.....	9.38	8.84	8.32	14.42	10.59	15.48	10.05	17.16	15.31	23.22	83.49	95.28
\$15,000 under \$20,000.....	9.28	8.74	8.56	14.98	9.91	16.17	10.41	18.58	13.93	24.66	46.88	72.21
\$20,000 under \$25,000.....	9.30	9.26	9.30	21.96	11.05	21.29	11.50	20.91	16.67	34.55	54.12	52.81
\$25,000 under \$30,000.....	10.64	8.71	9.81	19.86	10.85	15.43	11.90	31.64	14.37	22.14	40.71	55.91
\$30,000 under \$40,000.....	7.63	7.19	6.89	17.52	7.79	13.89	8.13	26.66	10.48	20.82	41.16	73.08
\$40,000 under \$50,000.....	7.67	5.71	6.77	12.34	7.53	11.63	8.31	15.04	10.49	18.96	40.78	34.52
\$50,000 under \$75,000.....	5.25	4.50	4.62	8.23	5.38	8.94	5.49	9.37	7.09	12.60	32.53	43.10
\$75,000 under \$100,000.....	6.34	6.46	5.20	17.86	5.98	9.15	6.06	11.29	7.86	12.77	26.33	39.75
\$100,000 under \$200,000.....	3.75	3.17	3.38	5.93	4.02	6.25	4.23	7.39	5.15	7.92	15.86	30.02
\$200,000 under \$500,000.....	2.63	2.94	2.51	6.50	3.09	5.63	3.03	7.36	3.99	8.53	12.09	22.13
\$500,000 under \$1,000,000.....	2.42	3.06	2.43	6.78	2.92	6.28	2.75	6.77	3.75	8.30	9.36	20.31
\$1,000,000 under \$1,500,000.....	2.55	3.17	2.52	6.02	3.15	7.25	2.74	6.31	3.98	11.43	7.74	15.13
\$1,500,000 under \$2,000,000.....	2.34	3.60	2.26	6.15	2.76	6.75	2.47	8.56	3.47	10.37	6.47	15.96
\$2,000,000 under \$5,000,000.....	1.25	1.91	1.21	3.55	1.52	3.61	1.30	3.75	1.89	3.70	3.41	9.00
\$5,000,000 under \$10,000,000.....	1.16	1.22	1.11	2.86	1.35	1.93	1.16	2.54	1.66	2.79	2.38	4.31
\$10,000,000 or more.....	--	--	--	--	--	--	--	--	--	--	--	--
<b>Taxable returns, total</b> .....	1.90	1.35	1.74	2.85	2.08	2.64	2.11	2.81	2.74	3.16	8.26	4.68
No adjusted gross income.....	24.03	12.18	28.86	11.85	28.82	5.48	32.38	17.29	37.33	7.05	**19.72	**3.53
\$1 under \$5,000.....	29.29	44.58	16.95	30.33	33.07	47.80	19.78	34.78	43.70	58.21	--	--
\$5,000 under \$10,000.....	24.73	26.88	20.69	36.77	21.66	32.49	23.64	51.49	29.22	43.13	**	**
\$10,000 under \$15,000.....	15.78	17.36	13.31	22.82	17.58	30.28	15.93	25.97	29.00	43.59	99.95	99.95
\$15,000 under \$20,000.....	13.27	14.48	10.75	19.09	13.02	21.72	13.03	23.97	19.25	34.52	54.80	94.41
\$20,000 under \$25,000.....	12.27	13.37	10.92	19.25	13.76	29.94	14.11	25.73	19.94	46.96	91.53	91.53
\$25,000 under \$30,000.....	13.50	11.58	11.31	19.02	13.19	19.47	13.64	21.09	17.83	28.32	46.78	65.30
\$30,000 under \$40,000.....	8.82	9.34	7.81	23.93	8.63	17.47	9.08	33.49	11.88	26.04	46.43	76.01
\$40,000 under \$50,000.....	8.13	6.43	7.18	14.22	8.00	13.07	8.88	17.69	11.25	21.68	41.09	35.85
\$50,000 under \$75,000.....	5.47	5.00	4.72	8.58	5.49	9.38	5.61	9.81	7.22	12.71	35.00	41.79
\$75,000 under \$100,000.....	6.44	6.91	5.27	18.67	6.02	9.52	6.11	11.65	7.96	13.04	27.02	40.63
\$100,000 under \$200,000.....	3.77	3.27	3.40	6.01	4.04	6.35	4.25	7.54	5.16	7.96	15.98	30.26
\$200,000 under \$500,000.....	2.63	3.00	2.52	6.57	3.09	5.86	3.03	7.44	3.99	8.60	12.15	22.39
\$500,000 under \$1,000,000.....	2.42	3.09	2.43	6.83	2.43	6.33	2.75	6.82	3.76	8.39	9.38	20.36
\$1,000,000 or more.....	1.18	1.14	1.15	1.77	1.43	2.17	1.23	2.01	1.81	1.58	2.90	2.46
<b>Nontaxable returns, total</b> .....	2.84	2.09	3.79	5.90	3.71	4.94	4.58	5.97	5.36	8.16	21.64	19.14

**Table 1.4CV--Coefficient of Variation for All Returns: Sources of Income, Adjustments, and Tax Items, by Size of Adjusted Gross Income--Continued**

(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	Sales of capital assets reported on Form 1040, Schedule D--continued											
	Short-term loss from other forms (4684, 6781, and 8824)		Short-term gain from other forms (2119, 4797, etc.)(post 5/5/03)		Short-term loss from other forms (4684, 6781, and 8824)(post 5/5/03)		Net short-term partnership/S-corp gain		Net short-term partnership/S-corp loss		Net short-term partnership/S-corp gain (post 5/5/03)	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
(49)	(50)	(51)	(52)	(53)	(54)	(55)	(56)	(57)	(58)	(59)	(60)	
<b>All returns, total</b> .....	9.04	5.78	8.88	4.78	10.60	7.38	3.53	1.77	4.98	4.29	3.79	1.76
No adjusted gross income.....	26.52	11.24	37.11	10.62	29.55	16.40	13.60	4.29	16.88	13.31	14.46	4.87
\$1 under \$5,000.....	48.51	62.84	98.79	52.04	64.46	75.61	22.28	31.05	36.66	44.52	27.30	32.49
\$5,000 under \$10,000.....	61.75	93.45	50.69	56.94	78.55	93.84	24.66	34.76	34.51	43.67	31.18	38.00
\$10,000 under \$15,000.....	53.21	48.07	81.32	47.35	55.84	55.44	31.23	37.72	30.47	52.37	39.17	53.83
\$15,000 under \$20,000.....	48.19	66.54	55.11	78.73	90.57	75.69	29.06	80.62	33.93	42.60	40.21	44.88
\$20,000 under \$25,000.....	93.78	82.15	54.24	50.67	99.20	66.83	28.82	50.28	32.30	45.21	40.79	50.79
\$25,000 under \$30,000.....	93.61	72.03	53.33	85.69	94.90	72.60	24.69	52.59	33.80	51.02	26.49	66.74
\$30,000 under \$40,000.....	42.20	60.50	40.31	77.57	64.66	72.82	20.08	28.80	25.54	72.09	20.96	36.48
\$40,000 under \$50,000.....	44.17	59.03	54.16	41.11	58.87	58.10	18.39	33.27	26.21	42.63	20.78	35.34
\$50,000 under \$75,000.....	27.33	27.20	38.36	37.05	35.35	37.03	12.04	25.63	18.70	25.02	14.76	22.88
\$75,000 under \$100,000.....	49.86	38.50	28.37	39.44	65.12	42.64	15.08	30.26	18.84	23.76	16.59	28.57
\$100,000 under \$200,000.....	20.94	24.82	18.64	37.03	24.39	36.60	7.45	12.77	10.34	15.45	8.33	13.09
\$200,000 under \$500,000.....	16.26	22.99	13.31	24.77	17.02	25.64	4.98	10.25	6.69	12.22	5.23	11.01
\$500,000 under \$1,000,000.....	7.84	19.01	10.43	19.49	8.61	18.28	3.55	8.08	5.25	18.08	3.83	8.95
\$1,000,000 under \$1,500,000.....	6.69	13.64	8.07	16.03	7.46	23.32	3.16	6.29	4.87	10.61	3.30	6.70
\$1,500,000 under \$2,000,000.....	5.81	15.40	6.96	16.05	6.41	19.89	2.81	7.71	4.34	9.29	2.97	7.77
\$2,000,000 under \$5,000,000.....	2.63	7.65	3.56	10.06	2.82	14.52	1.33	3.40	2.28	5.37	1.40	3.51
\$5,000,000 under \$10,000,000.....	1.67	3.56	2.49	4.56	1.82	4.31	1.09	1.26	1.82	1.72	1.13	1.31
\$10,000,000 or more.....	--	--	--	--	--	--	--	--	--	--	--	--
<b>Taxable returns, total</b> .....	10.25	5.10	9.39	4.89	11.69	7.43	3.75	1.69	5.40	4.76	3.99	1.86
No adjusted gross income.....	12.80	1.88	19.91	0.78	75.65	13.86	37.26	4.78	38.06	11.90	39.63	6.67
\$1 under \$5,000.....	--	--	--	--	--	--	35.32	49.46	78.22	80.21	40.99	51.91
\$5,000 under \$10,000.....	97.36	71.70	--	--	99.80	99.80	34.90	52.41	81.95	98.16	44.10	57.59
\$10,000 under \$15,000.....	99.97	99.97	--	--	--	--	48.25	59.76	46.11	84.31	68.76	85.29
\$15,000 under \$20,000.....	92.54	93.95	57.37	79.10	98.35	98.35	43.44	95.88	42.51	55.55	75.21	87.56
\$20,000 under \$25,000.....	97.15	88.54	91.53	91.53	99.95	99.95	37.15	72.72	38.65	61.25	52.52	86.96
\$25,000 under \$30,000.....	98.01	81.98	60.53	76.24	99.95	99.95	30.23	62.36	40.16	62.31	32.42	70.14
\$30,000 under \$40,000.....	47.27	52.91	44.61	80.16	67.59	78.69	21.75	39.27	27.77	73.77	22.89	38.97
\$40,000 under \$50,000.....	53.42	62.33	54.31	42.66	63.76	66.78	19.94	31.99	27.43	50.20	22.31	31.38
\$50,000 under \$75,000.....	29.02	31.38	39.50	38.50	36.71	38.79	12.32	30.48	19.79	27.47	15.39	26.61
\$75,000 under \$100,000.....	50.43	40.47	28.45	39.63	66.23	47.31	15.45	34.70	19.30	23.97	17.07	32.35
\$100,000 under \$200,000.....	21.46	28.57	18.82	37.47	25.09	44.64	7.54	13.61	10.38	17.49	8.44	14.01
\$200,000 under \$500,000.....	16.42	23.33	13.38	25.03	17.18	26.05	5.00	11.03	6.72	13.32	5.25	11.96
\$500,000 under \$1,000,000.....	7.88	19.71	10.45	19.52	8.66	18.99	3.56	8.28	5.26	19.36	3.84	9.15
\$1,000,000 or more.....	2.13	3.04	2.95	2.48	2.26	4.63	1.25	1.03	2.05	1.77	1.30	1.12
<b>Nontaxable returns, total</b> .....	18.17	16.01	25.33	21.83	23.83	22.26	10.47	9.78	12.93	9.87	12.01	5.49

Footnotes at end of table.

Table 1.4CV--Coefficient of Variation for All Returns: Sources of Income, Adjustments, and Tax Items, by Size of Adjusted Gross Income--Continued

Size of adjusted gross income	Sales of capital assets reported on Form 1040, Schedule D--continued													
	Net short-term partnership/S-corp loss (post 5/5/03)		Long-term capital gain		Long-term capital loss		Long-term capital gain (post 5/5/03)		Net long-term gain from sales of capital assets		Net long-term loss from sales of capital assets			
	Number of returns (61)	Amount (62)	Number of returns (63)	Amount (64)	Number of returns (65)	Amount (66)	Number of returns (67)	Amount (68)	Number of returns (69)	Amount (70)	Number of returns (71)	Amount (72)		
<b>All returns, total.....</b>	<b>6.26</b>	<b>3.51</b>	<b>1.13</b>	<b>0.70</b>	<b>0.94</b>	<b>0.76</b>	<b>1.10</b>	<b>0.84</b>	<b>1.36</b>	<b>1.01</b>	<b>1.20</b>	<b>1.41</b>		
No adjusted gross income.....	21.66	15.81	5.51	3.00	2.44	2.06	4.87	3.36	6.56	3.71	3.58	4.08		
\$1 under \$5,000.....	62.46	0.79	5.95	17.36	4.34	5.44	5.76	15.69	6.92	20.34	5.69	9.55		
\$5,000 under \$10,000.....	48.86	61.98	6.10	10.94	4.85	5.41	5.99	11.52	7.14	10.41	6.03	7.82		
\$10,000 under \$15,000.....	37.64	84.52	6.28	10.68	4.82	5.41	6.13	11.76	7.21	12.01	5.98	16.18		
\$15,000 under \$20,000.....	38.21	66.90	5.54	8.55	5.09	5.61	5.58	9.32	6.87	10.24	6.39	8.79		
\$20,000 under \$25,000.....	40.37	77.73	6.10	9.15	5.58	5.99	6.23	9.92	7.47	11.91	7.18	9.51		
\$25,000 under \$30,000.....	43.00	35.39	6.67	12.01	5.75	6.04	7.04	14.47	8.12	15.26	7.03	8.11		
\$30,000 under \$40,000.....	39.75	41.86	4.91	7.85	4.04	4.51	4.84	9.60	6.02	9.25	5.04	7.33		
\$40,000 under \$50,000.....	32.48	41.04	4.58	7.83	4.11	4.39	4.55	9.27	5.62	10.23	4.96	6.82		
\$50,000 under \$75,000.....	24.97	31.99	3.22	5.09	2.81	3.05	3.24	5.68	3.93	6.25	3.44	4.64		
\$75,000 under \$100,000.....	31.09	39.42	3.69	5.63	3.30	3.49	3.68	7.75	4.48	7.33	4.02	5.40		
\$100,000 under \$200,000.....	13.31	27.10	2.51	3.21	2.25	2.39	2.45	3.85	2.98	4.50	2.79	3.87		
\$200,000 under \$500,000.....	8.38	15.88	1.93	2.66	1.86	2.22	1.80	3.06	2.29	3.75	2.24	3.44		
\$500,000 under \$1,000,000.....	6.17	12.06	1.97	2.59	2.00	2.47	1.78	3.02	2.24	3.70	2.31	3.83		
\$1,000,000 under \$1,500,000.....	5.63	12.25	2.04	2.71	2.35	2.88	1.90	3.12	2.36	4.02	2.57	4.30		
\$1,500,000 under \$2,000,000.....	4.95	16.27	1.80	2.57	2.16	3.12	1.69	3.03	2.09	3.83	2.38	4.23		
\$2,000,000 under \$5,000,000.....	2.59	7.26	0.94	1.23	1.27	1.74	0.89	1.43	1.12	2.02	1.31	3.40		
\$5,000,000 under \$10,000,000.....	2.02	1.82	0.86	0.86	1.35	1.35	0.84	0.98	0.99	1.33	1.28	1.19		
\$10,000,000 or more.....	--	--	--	--	--	--	--	--	--	--	--	--		
<b>Taxable returns, total.....</b>	<b>6.64</b>	<b>3.64</b>	<b>1.23</b>	<b>0.72</b>	<b>1.12</b>	<b>0.96</b>	<b>1.20</b>	<b>0.86</b>	<b>1.49</b>	<b>1.05</b>	<b>1.39</b>	<b>1.55</b>		
No adjusted gross income.....	47.61	9.34	20.94	4.45	23.15	4.89	20.30	5.09	28.90	5.73	30.47	34.75		
\$1 under \$5,000.....	--	--	9.02	13.95	17.47	24.78	9.39	15.02	11.58	15.58	22.51	34.74		
\$5,000 under \$10,000.....	99.84	98.78	9.91	14.55	11.47	16.62	10.35	17.64	11.29	14.92	14.22	23.95		
\$10,000 under \$15,000.....	48.62	93.58	8.97	16.51	7.53	9.41	9.15	18.48	10.67	17.31	9.11	14.07		
\$15,000 under \$20,000.....	47.38	97.18	6.98	11.22	6.76	7.89	7.03	11.44	8.56	12.78	8.46	12.28		
\$20,000 under \$25,000.....	50.40	96.80	7.16	10.08	6.73	8.07	7.35	11.65	8.76	12.92	8.74	12.41		
\$25,000 under \$30,000.....	52.71	60.02	7.49	13.52	6.73	7.84	8.14	18.03	9.15	17.13	8.25	10.84		
\$30,000 under \$40,000.....	42.45	56.03	5.35	8.75	4.40	5.35	5.27	11.30	6.51	10.17	5.48	8.51		
\$40,000 under \$50,000.....	35.43	41.80	4.78	8.34	4.37	4.95	4.78	10.03	5.92	10.83	5.27	7.24		
\$50,000 under \$75,000.....	25.51	41.12	3.28	5.33	2.87	3.28	3.31	6.01	4.00	6.51	3.51	4.92		
\$75,000 under \$100,000.....	31.74	44.64	3.72	5.79	3.33	3.71	3.72	8.10	4.53	7.49	4.06	5.87		
\$100,000 under \$200,000.....	13.37	31.05	2.52	3.23	2.26	2.44	2.45	3.89	2.99	4.55	2.79	3.93		
\$200,000 under \$500,000.....	8.41	16.47	1.94	2.68	1.86	2.28	1.81	3.08	2.30	3.79	2.24	3.49		
\$500,000 under \$1,000,000.....	6.18	13.54	1.97	2.60	2.00	2.50	1.78	3.04	2.25	3.72	2.31	3.87		
\$1,000,000 or more.....	2.34	1.81	0.90	0.45	1.19	1.12	0.84	0.54	1.06	0.70	1.25	1.61		
<b>Nontaxable returns, total.....</b>	<b>18.92</b>	<b>11.40</b>	<b>3.06</b>	<b>3.24</b>	<b>1.78</b>	<b>1.50</b>	<b>2.81</b>	<b>3.60</b>	<b>3.57</b>	<b>4.01</b>	<b>2.41</b>	<b>3.37</b>		

**Table 1.4CV--Coefficient of Variation for All Returns: Sources of Income, Adjustments, and Tax Items, by Size of Adjusted Gross Income--Continued**  
(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	Sales of capital assets reported on Form 1040, Schedule D--continued											
	Net long-term gain from sales of capital assets (post 5/5/03)		Net long-term loss from sales of capital assets (post 5/5/03)		Long-term loss carryover		Long-term gain from other forms (2119, 4797, etc.)		Long-term loss from other forms (4684, 6781, and 8824)		Long-term gain from other forms (2119, 4797, etc.) (post 5/5/03)	
	Number of returns (73)	Amount (74)	Number of returns (75)	Amount (76)	Number of returns (77)	Amount (78)	Number of returns (79)	Amount (80)	Number of returns (81)	Amount (82)	Number of returns (83)	Amount (84)
<b>All returns, total</b> .....	1.51	1.23	1.59	2.86	1.16	0.91	1.88	1.40	10.33	6.41	2.34	1.71
No adjusted gross income.....	7.31	4.18	5.20	6.11	3.17	2.41	6.62	5.27	30.14	12.07	8.59	5.17
\$1 under \$5,000.....	7.56	19.55	7.99	17.76	5.24	6.37	16.32	41.65	48.66	63.31	21.77	62.04
\$5,000 under \$10,000.....	8.03	11.80	8.46	12.33	5.93	6.31	11.23	20.59	62.45	89.77	14.10	26.29
\$10,000 under \$15,000.....	8.05	13.25	7.95	36.46	6.23	6.47	11.96	57.48	53.22	48.51	14.86	27.18
\$15,000 under \$20,000.....	7.88	11.48	8.65	13.49	6.26	6.54	9.62	15.30	51.86	71.85	12.91	19.99
\$20,000 under \$25,000.....	8.28	12.56	9.69	13.24	6.94	6.91	10.30	14.42	62.62	62.73	12.86	15.60
\$25,000 under \$30,000.....	9.33	17.79	9.41	13.74	7.62	7.61	12.50	21.02	94.97	58.85	15.48	28.93
\$30,000 under \$40,000.....	6.54	12.62	6.68	10.19	5.18	5.22	8.67	13.03	39.94	54.50	10.55	16.35
\$40,000 under \$50,000.....	6.28	11.87	6.54	9.44	5.42	5.39	8.62	12.81	48.02	56.02	11.13	16.30
\$50,000 under \$75,000.....	4.42	7.30	4.42	6.58	3.67	3.65	5.91	8.00	28.93	30.14	7.44	10.28
\$75,000 under \$100,000.....	4.93	11.06	5.15	7.82	4.17	4.34	6.54	8.51	54.09	42.06	8.06	11.33
\$100,000 under \$200,000.....	3.29	5.35	3.63	9.61	2.72	2.81	3.94	4.77	22.54	25.55	4.84	6.24
\$200,000 under \$500,000.....	2.47	4.31	2.76	4.84	2.06	2.49	2.88	3.94	17.87	25.76	3.52	4.98
\$500,000 under \$1,000,000.....	2.37	4.30	2.76	5.84	2.05	2.60	2.62	4.07	9.45	21.28	3.08	5.20
\$1,000,000 under \$1,500,000.....	2.47	4.52	2.95	5.36	2.34	2.95	2.63	4.12	8.63	14.45	2.99	5.35
\$1,500,000 under \$2,000,000.....	2.19	4.59	2.74	5.77	2.08	4.28	2.40	4.21	7.19	17.75	2.77	5.19
\$2,000,000 under \$5,000,000.....	1.17	2.18	1.49	3.20	1.18	2.95	1.26	2.23	3.39	8.99	1.45	2.68
\$5,000,000 under \$10,000,000.....	1.02	1.47	1.41	1.14	1.18	1.47	1.06	1.44	2.32	4.43	1.18	1.81
\$10,000,000 or more.....	--	--	--	--	--	--	--	--	--	--	--	--
<b>Taxable returns, total</b> .....	1.64	1.27	1.81	2.89	1.38	1.13	2.08	1.41	11.56	6.07	2.58	1.76
No adjusted gross income.....	33.06	7.03	22.45	9.17	22.64	10.74	22.87	17.65	20.06	1.88	24.06	10.66
\$1 under \$5,000.....	12.53	17.12	25.75	42.66	24.09	35.21	43.62	74.75	--	--	70.67	90.85
\$5,000 under \$10,000.....	12.69	17.72	19.20	31.07	15.07	18.70	35.15	55.55	99.80	99.80	39.02	77.03
\$10,000 under \$15,000.....	12.29	20.83	11.95	19.33	10.16	11.82	19.29	25.86	99.97	99.97	24.84	37.58
\$15,000 under \$20,000.....	9.73	14.07	11.53	19.50	8.49	9.39	13.50	22.36	92.77	91.12	18.36	25.98
\$20,000 under \$25,000.....	9.84	15.00	11.63	17.75	8.67	9.71	12.35	16.58	87.41	65.12	15.67	20.54
\$25,000 under \$30,000.....	10.69	21.61	11.18	16.75	8.78	9.63	14.48	27.37	99.29	93.32	18.43	37.37
\$30,000 under \$40,000.....	7.09	14.96	7.31	11.87	5.73	6.20	9.94	13.64	43.35	57.62	12.16	18.68
\$40,000 under \$50,000.....	6.67	12.77	6.89	10.55	5.75	6.05	9.20	13.90	53.53	62.54	11.81	20.22
\$50,000 under \$75,000.....	4.50	7.63	4.50	6.86	3.77	3.95	6.22	8.59	29.36	34.47	7.85	11.12
\$75,000 under \$100,000.....	4.97	11.44	5.23	8.06	4.22	4.55	6.68	8.78	54.64	44.23	8.26	11.47
\$100,000 under \$200,000.....	3.30	5.40	3.64	9.75	2.72	2.86	3.95	4.80	23.03	29.16	4.86	6.29
\$200,000 under \$500,000.....	2.48	4.34	2.76	4.91	2.06	2.56	2.89	3.95	17.98	26.07	3.53	5.01
\$500,000 under \$1,000,000.....	2.37	4.33	2.76	5.87	2.05	2.64	2.62	4.08	9.49	22.03	3.08	5.21
\$1,000,000 or more.....	1.10	0.81	1.42	1.70	1.12	1.43	1.15	1.01	2.89	3.56	1.29	1.26
<b>Nontaxable returns, total</b> .....	3.90	4.33	3.40	8.40	2.16	1.78	4.50	6.84	20.73	17.07	5.71	7.03

Footnotes at end of table.

**Table 1.4CV--Coefficient of Variation for All Returns: Sources of Income, Adjustments, and Tax Items, by Size of Adjusted Gross Income--Continued**  
(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	Sales of capital assets reported on Form 1040, Schedule D--continued											
	Long-term loss from other forms (4684, 6781, and 8824)(post 5/5/03)		Net long-term partnership/ S-corp gain		Net long-term partnership/ S-corp loss		Net long-term partnership/ S-corp gain (post 5/5/03)		Net long-term partnership/ S-corp loss (post 5/5/03)		Schedule D capital gain distributions	
	Number of returns (85)	Amount (86)	Number of returns (87)	Amount (88)	Number of returns (89)	Amount (90)	Number of returns (91)	Amount (92)	Number of returns (93)	Amount (94)	Number of returns (95)	Amount (96)
<b>All returns, total</b> .....	990	6.91	2.80	1.15	3.59	2.78	3.10	1.34	4.37	3.11	1.30	3.16
No adjusted gross income.....	2520	13.31	11.42	4.37	13.23	2.54	13.39	4.48	17.35	2.17	5.48	9.52
\$1 under \$5,000.....	55.52	61.94	20.36	29.61	22.71	35.22	27.45	33.12	27.05	56.20	6.53	12.61
\$5,000 under \$10,000.....	78.55	93.84	22.23	31.60	19.18	31.13	24.06	36.56	25.37	33.77	6.84	14.28
\$10,000 under \$15,000.....	53.72	55.83	22.19	50.69	24.64	46.84	30.14	56.70	29.57	47.33	7.00	12.64
\$15,000 under \$20,000.....	68.30	70.74	18.41	25.55	20.83	27.87	21.55	29.07	26.34	37.96	6.77	16.58
\$20,000 under \$25,000.....	93.67	71.64	23.52	35.10	19.84	36.70	25.86	41.77	27.69	47.92	7.63	12.39
\$25,000 under \$30,000.....	67.27	82.98	23.80	27.78	20.43	41.30	30.24	39.64	25.80	58.52	8.59	25.49
\$30,000 under \$40,000.....	55.49	59.45	16.45	34.33	19.69	29.50	18.99	44.42	24.60	30.97	5.73	11.79
\$40,000 under \$50,000.....	46.70	55.56	13.96	22.23	17.64	26.34	15.19	24.05	24.99	38.30	5.41	20.48
\$50,000 under \$75,000.....	33.67	36.90	9.48	17.68	11.95	22.52	10.82	19.63	15.69	25.09	3.84	9.89
\$75,000 under \$100,000.....	35.50	39.31	10.95	18.99	12.48	18.44	12.71	21.26	16.41	24.29	4.54	11.56
\$100,000 under \$200,000.....	25.37	34.52	5.93	9.06	7.92	11.22	6.68	10.84	9.31	15.09	2.92	7.31
\$200,000 under \$500,000.....	14.37	29.34	3.65	6.81	4.95	7.87	4.02	8.19	5.81	8.92	2.15	8.85
\$500,000 under \$1,000,000.....	9.51	18.18	2.91	5.36	4.09	9.05	3.13	6.27	4.60	10.99	2.17	12.01
\$1,000,000 under \$1,500,000.....	8.08	24.34	2.74	5.10	3.98	7.13	2.94	5.80	4.35	8.93	2.28	6.61
\$1,500,000 under \$2,000,000.....	6.92	21.69	2.48	4.88	3.55	8.16	2.62	5.39	3.92	27.70	1.96	16.29
\$2,000,000 under \$5,000,000.....	3.19	16.79	1.20	2.23	1.95	4.51	1.28	2.55	2.11	5.51	1.07	9.46
\$5,000,000 under \$10,000,000.....	2.25	4.83	0.99	1.33	1.58	1.64	1.02	1.60	1.74	1.91	1.03	10.91
\$10,000,000 or more.....	--	--	--	--	--	--	--	--	--	--	--	--
<b>Taxable returns, total</b> .....	10.84	6.75	2.96	1.17	3.97	3.49	3.27	1.37	4.80	4.05	1.44	3.25
No adjusted gross income.....	81.17	17.08	26.86	4.28	15.31	24.16	23.08	4.68	16.48	20.51	19.90	2.94
\$1 under \$5,000.....	99.95	99.95	31.74	68.51	48.45	60.42	37.88	74.75	71.14	76.20	11.76	19.05
\$5,000 under \$10,000.....	99.80	99.80	29.70	44.01	41.83	69.82	28.48	47.80	50.32	80.08	14.19	29.53
\$10,000 under \$15,000.....	--	--	37.10	93.49	42.91	56.00	46.30	86.29	43.59	71.23	10.54	20.85
\$15,000 under \$20,000.....	69.57	75.07	24.85	36.15	28.62	43.65	28.58	39.86	40.57	70.97	8.55	22.56
\$20,000 under \$25,000.....	99.95	99.95	28.55	41.91	23.44	43.26	33.37	48.41	32.59	59.52	8.70	14.39
\$25,000 under \$30,000.....	99.95	99.95	29.48	36.13	26.31	55.99	45.55	57.27	35.26	42.87	9.94	30.55
\$30,000 under \$40,000.....	55.89	59.65	18.26	45.55	21.22	39.28	21.09	57.39	27.12	40.15	6.21	13.07
\$40,000 under \$50,000.....	48.50	63.06	14.48	24.46	19.26	36.77	15.84	27.15	28.22	45.33	5.66	15.28
\$50,000 under \$75,000.....	33.89	38.65	9.74	19.67	12.31	26.64	11.20	22.24	16.30	30.64	3.90	10.11
\$75,000 under \$100,000.....	35.86	42.93	11.22	21.10	12.65	19.66	13.13	23.64	16.73	27.23	4.59	11.79
\$100,000 under \$200,000.....	25.84	33.03	5.96	9.19	7.99	12.15	6.73	10.92	9.40	16.64	2.93	7.36
\$200,000 under \$500,000.....	14.45	29.65	3.66	6.91	4.96	8.47	4.03	8.30	5.82	10.11	2.16	8.87
\$500,000 under \$1,000,000.....	9.55	18.95	2.92	5.40	4.09	9.23	3.14	6.32	4.61	11.17	2.18	12.03
\$1,000,000 or more.....	2.69	5.26	1.11	0.69	1.80	1.97	1.18	0.79	1.92	4.63	1.02	4.32
<b>Non taxable returns, total</b> .....	21.67	19.81	8.49	5.67	8.43	4.52	10.11	7.05	10.63	4.85	3.18	11.52

Footnotes at end of table.

**Table 1.4CV--Coefficient of Variation for All Returns: Sources of Income, Adjustments, and Tax Items, by Size of Adjusted Gross Income--Continued**

(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	Sales of capital assets--continued			Sale of property other than capital assets				Total taxable IRA distributions		Pensions and annuities								
	Schedule D capital gain distributions (post 5/5/03)			Net gain		Net loss		Number of returns	Amount	Number of returns	Amount	Number of returns	Amount					
	Number of returns	Amount	(97)	Number of returns	Amount	Number of returns	Amount							(103)	(104)	(105)	(106)	(107)
								(98)	(99)	(100)	(101)	(102)						
<b>All returns, total.....</b>	1.44	3.19	(98)	3.03	3.64	(100)	3.04	3.74	(102)	1.23	2.12	(103)	0.66	1.18	(106)	0.69	1.04	(108)
No adjusted gross income.....	6.27	11.11		8.51	7.24		7.27	6.68		8.62	10.27		5.75	14.30		5.98	8.30	
\$1 under \$5,000.....	7.29	14.74		22.17	27.60		20.14	35.50		8.09	10.90		4.92	15.86		5.13	7.55	
\$5,000 under \$10,000.....	7.95	12.87		20.75	29.48		17.39	29.63		5.21	6.78		3.18	5.81		3.24	3.92	
\$10,000 under \$15,000.....	7.84	12.26		16.69	21.20		18.48	28.95		4.58	6.17		2.64	4.63		2.68	3.24	
\$15,000 under \$20,000.....	7.61	17.80		16.40	22.40		17.14	28.31		4.26	6.05		2.64	3.70		2.68	3.31	
\$20,000 under \$25,000.....	8.84	14.32		16.14	31.38		18.27	34.47		5.11	7.26		2.98	7.41		3.04	3.87	
\$25,000 under \$30,000.....	9.57	24.57		16.48	26.49		23.39	42.75		5.50	8.13		3.21	4.89		3.28	4.32	
\$30,000 under \$40,000.....	6.36	13.74		12.62	16.78		13.88	21.81		4.00	6.03		2.33	3.95		2.42	3.24	
\$40,000 under \$50,000.....	5.91	16.83		12.59	19.01		13.77	29.14		4.33	6.98		2.39	3.87		2.47	3.45	
\$50,000 under \$75,000.....	4.27	13.14		9.01	12.51		10.23	15.58		3.08	5.02		1.75	2.80		1.82	2.61	
\$75,000 under \$100,000.....	4.96	13.38		10.23	14.02		11.67	20.89		4.19	6.83		2.31	3.51		2.45	3.51	
\$100,000 under \$200,000.....	3.16	6.92		7.46	10.53		6.94	12.04		3.64	5.72		2.08	3.12		2.26	3.04	
\$200,000 under \$500,000.....	2.34	7.70		5.09	11.02		4.38	9.39		3.92	7.67		2.29	4.72		2.65	4.77	
\$500,000 under \$1,000,000.....	2.29	9.29		4.57	11.62		4.07	7.61		4.59	9.73		2.71	4.97		3.14	6.07	
\$1,000,000 under \$1,500,000.....	2.45	8.82		4.36	10.39		3.77	8.81		5.37	15.49		3.04	6.48		3.57	8.42	
\$1,500,000 under \$2,000,000.....	2.11	9.76		4.16	13.02		3.39	7.12		4.82	14.45		2.75	6.61		3.20	8.64	
\$2,000,000 under \$5,000,000.....	1.18	13.35		2.15	8.29		1.78	4.62		2.86	7.27		1.56	3.97		1.80	7.16	
\$5,000,000 under \$10,000,000.....	1.09	17.04		1.70	7.12		1.46	0.80		2.41	2.82		1.41	3.02		1.54	9.07	
\$10,000,000 or more.....	--	--		--	--		--	--		--	--		--	--		--	--	
<b>Taxable returns, total.....</b>	1.58	3.45		3.48	4.14		3.52	4.00		1.39	2.31		0.75	1.20		0.79	1.12	
No adjusted gross income.....	23.43	3.72		27.75	5.69		25.92	16.90		50.77	35.49		24.98	27.96		17.39	42.66	
\$1 under \$5,000.....	12.88	20.87		70.15	56.40		48.21	64.38		53.02	54.88		29.00	32.12		29.00	33.87	
\$5,000 under \$10,000.....	16.64	23.64		62.36	86.20		46.21	67.39		14.02	18.43		8.13	12.22		8.18	9.56	
\$10,000 under \$15,000.....	11.87	17.79		35.70	40.64		28.81	48.00		6.69	9.12		3.80	5.22		3.84	4.52	
\$15,000 under \$20,000.....	9.55	23.56		26.22	35.11		23.99	44.98		5.46	7.88		3.34	4.31		3.39	4.09	
\$20,000 under \$25,000.....	10.08	16.62		20.52	39.24		25.88	50.79		5.65	7.99		3.34	4.76		3.40	4.17	
\$25,000 under \$30,000.....	11.01	30.07		19.42	31.30		28.71	56.65		5.98	8.96		3.52	4.90		3.57	4.56	
\$30,000 under \$40,000.....	6.88	15.34		14.88	21.15		16.44	26.95		4.14	6.22		2.45	3.87		2.54	3.35	
\$40,000 under \$50,000.....	6.20	17.72		13.72	21.76		15.47	27.14		4.42	7.14		2.45	3.96		2.53	3.50	
\$50,000 under \$75,000.....	4.34	13.67		9.52	13.07		10.51	17.18		3.11	5.09		1.76	2.72		1.83	2.62	
\$75,000 under \$100,000.....	5.01	13.68		10.44	14.32		11.79	21.30		4.20	6.85		2.32	3.53		2.45	3.52	
\$100,000 under \$200,000.....	3.17	6.96		7.47	10.69		7.00	12.40		3.65	5.74		2.08	3.13		2.26	3.05	
\$200,000 under \$500,000.....	2.35	7.72		5.11	11.07		4.39	9.53		3.92	7.68		2.30	4.73		2.65	4.78	
\$500,000 under \$1,000,000.....	2.30	9.31		4.58	11.64		4.08	7.68		4.60	9.75		2.71	4.98		3.15	6.08	
\$1,000,000 or more.....	1.11	5.69		1.94	3.85		1.67	2.22		2.69	7.40		1.46	2.88		1.71	4.00	
<b>Nontaxable returns, total.....</b>	3.61	6.91		6.36	6.84		6.05	6.23		2.83	3.94		1.66	4.97		1.72	2.42	

Footnotes at end of table.

**Table 1.4CV--Coefficient of Variation for All Returns: Sources of Income, Adjustments, and Tax Items, by Size of Adjusted Gross Income--Continued**  
(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	Rent			Royalty			Farm rental				
	Net income		Net loss (includes nondeductible loss)	Net income		Net loss	Net income		Net loss		
	Number of returns	Amount		Number of returns	Amount		Number of returns	Amount		Number of returns	Amount
(109)	(110)	(111)	(112)	(113)	(114)	(115)	(116)	(117)	(118)	(119)	(120)
<b>All returns, total</b> .....	1.44	1.62	1.48	1.82	3.00	3.93	20.88	4.81	7.39	10.05	14.29
No adjusted gross income.....	6.66	6.23	5.05	5.05	12.66	7.68	37.14	23.74	50.66	31.14	44.20
\$1 under \$5,000.....	8.71	15.15	9.62	21.31	20.52	31.92	99.87	22.65	26.16	40.91	63.82
\$5,000 under \$10,000.....	6.82	9.13	8.29	11.67	15.65	39.67	98.85	16.74	19.65	57.24	73.78
\$10,000 under \$15,000.....	6.37	8.76	7.50	10.20	14.02	21.60	94.32	16.21	19.30	36.14	48.70
\$15,000 under \$20,000.....	6.43	9.08	7.26	10.05	12.83	23.56	94.33	15.97	19.82	39.45	53.86
\$20,000 under \$25,000.....	6.65	9.82	7.66	10.12	14.86	23.16	81.21	17.56	27.47	37.32	62.21
\$25,000 under \$30,000.....	7.55	10.23	7.13	10.49	14.79	22.61	99.51	18.15	23.88	45.28	73.89
\$30,000 under \$40,000.....	5.24	7.58	5.14	6.83	11.52	19.89	8.10	16.81	23.68	**23.20	**38.94
\$40,000 under \$50,000.....	5.58	8.31	5.53	7.87	12.21	25.22	79.92	17.87	23.91	**	**
\$50,000 under \$75,000.....	4.08	6.08	3.87	5.11	8.17	18.85	60.65	13.56	19.71	27.82	35.26
\$75,000 under \$100,000.....	5.23	6.55	4.95	6.47	9.67	17.99	53.10	17.33	24.04	**20.42	**28.47
\$100,000 under \$200,000.....	3.45	4.38	3.42	4.07	7.29	12.82	81.26	13.65	21.97	**	**
\$200,000 under \$500,000.....	2.81	3.90	3.20	4.25	5.02	11.46	**21.67	14.42	27.32	**	**
\$500,000 under \$1,000,000.....	2.87	4.12	3.47	5.57	4.61	10.56	**	13.03	45.43	23.19	51.50
\$1,000,000 under \$1,500,000.....	3.05	4.04	3.98	6.04	4.48	10.66	**	13.59	29.84	21.56	27.12
\$1,500,000 under \$2,000,000.....	3.07	5.28	3.87	7.71	4.39	18.71	**	14.13	30.37	21.23	47.64
\$2,000,000 under \$5,000,000.....	1.68	2.88	2.22	5.95	2.00	6.32	**	7.89	12.08	12.64	24.84
\$5,000,000 under \$10,000,000.....	1.48	1.37	1.96	1.25	1.57	3.03	**	7.75	12.32	9.78	0.03
\$10,000,000 or more.....	-	-	-	-	-	-	**	-	-	-	-
<b>Taxable returns, total</b> .....	1.65	1.75	1.72	2.10	3.31	4.22	17.60	5.53	8.28	11.78	17.10
No adjusted gross income.....	29.41	9.64	32.98	15.42	16.94	14.06	0.52	32.91	12.14	49.38	77.94
\$1 under \$5,000.....	65.72	76.61	99.11	84.29	52.97	65.63	93.64	-	-	-	-
\$5,000 under \$10,000.....	18.53	30.42	21.27	31.35	47.08	73.17	99.95	36.50	45.00	99.97	99.97
\$10,000 under \$15,000.....	10.35	13.62	13.74	16.54	19.59	30.84	-	23.28	26.82	53.00	69.05
\$15,000 under \$20,000.....	8.66	11.90	10.75	15.64	17.73	33.13	99.95	20.82	25.17	43.26	60.50
\$20,000 under \$25,000.....	8.33	12.16	10.37	13.27	16.42	23.99	81.21	18.69	28.75	46.66	45.58
\$25,000 under \$30,000.....	8.95	12.12	8.67	12.53	17.06	24.84	-	20.52	27.81	47.61	83.68
\$30,000 under \$40,000.....	5.76	8.51	5.89	7.98	12.53	21.25	-	17.01	23.82	**25.55	**42.67
\$40,000 under \$50,000.....	5.86	8.62	5.98	8.82	12.48	26.09	64.98	18.07	24.56	**	**
\$50,000 under \$75,000.....	4.19	6.29	3.98	5.31	8.25	19.00	60.75	13.56	19.72	27.84	35.39
\$75,000 under \$100,000.....	5.27	6.64	5.00	6.56	9.79	18.14	54.13	17.33	24.05	**17.37	**28.49
\$100,000 under \$200,000.....	3.46	4.39	3.43	4.09	7.31	12.88	81.26	13.65	21.98	**	**
\$200,000 under \$500,000.....	2.81	3.91	3.20	4.27	5.03	11.49	**21.72	14.45	27.35	**	**
\$500,000 under \$1,000,000.....	2.87	4.13	3.47	5.59	4.61	10.57	**	13.03	45.43	23.19	51.50
\$1,000,000 or more.....	1.53	1.69	2.04	2.85	1.88	3.81	**	6.66	9.73	11.35	16.30
<b>Non-taxable returns, total</b> .....	3.12	4.11	2.98	3.77	7.14	10.27	55.38	9.66	13.74	18.73	25.18



**Table 1.4CV--Coefficient of Variation for All Returns: Sources of Income, Adjustments, and Tax Items, by Size of Adjusted Gross Income--Continued**

Size of adjusted gross income	Total rental and royalty						Partnership and S Corporation						Estate and trust					
	Net income		Net loss		Net income		Net loss		Net income		Net loss		Net income		Net loss			
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount		
(121)	(122)	(123)	(124)	(125)	(126)	(127)	(128)	(129)	(130)	(131)	(132)	(133)	(134)	(135)	(136)	(137)		
<b>All returns, total</b> .....	1.30	1.50	1.57	1.91	1.32	0.78	2.00	1.37	4.48	3.52	14.93	5.93	14.93	5.93	14.93	5.93		
No adjusted gross income.....	6.04	5.24	5.01	5.64	9.22	5.88	4.11	2.06	19.94	14.60	41.73	8.49	41.73	8.49	41.73	8.49		
\$1 under \$5,000.....	7.82	14.64	9.60	11.97	10.50	26.28	11.32	16.54	19.46	25.25	99.79	92.92	99.79	92.92	99.79	92.92		
\$5,000 under \$10,000.....	5.98	9.08	8.41	11.52	9.39	12.35	11.94	15.27	22.92	27.14	70.59	78.28	70.59	78.28	70.59	78.28		
\$10,000 under \$15,000.....	5.71	7.62	7.52	9.73	8.82	10.75	12.12	20.39	24.20	33.43	--	--	--	--	--	--		
\$15,000 under \$20,000.....	5.69	7.92	7.34	10.10	8.71	11.64	11.15	16.93	25.82	31.52	80.61	80.92	80.61	80.92	80.61	80.92		
\$20,000 under \$25,000.....	6.02	8.81	7.63	10.22	8.34	10.79	10.82	14.81	24.76	42.25	92.30	96.42	92.30	96.42	92.30	96.42		
\$25,000 under \$30,000.....	6.64	8.87	7.37	10.15	9.14	11.61	11.95	16.37	24.41	36.66	58.40	45.76	58.40	45.76	58.40	45.76		
\$30,000 under \$40,000.....	4.80	6.98	5.17	6.79	6.32	8.60	8.37	11.17	17.43	23.14	--	--	--	--	--	--		
\$40,000 under \$50,000.....	5.08	7.64	5.53	7.98	6.28	8.23	8.53	12.75	**	**	**	**	**	**	**	**		
\$50,000 under \$75,000.....	3.66	5.65	3.88	5.12	4.13	5.43	6.12	8.90	**11.18	**17.16	**71.94	**58.25	**71.94	**58.25	**71.94	**58.25		
\$75,000 under \$100,000.....	4.67	6.12	4.98	6.34	4.92	6.22	7.22	9.20	15.11	23.29	68.88	34.37	68.88	34.37	68.88	34.37		
\$100,000 under \$200,000.....	3.22	4.27	3.94	4.66	2.69	3.12	4.61	5.37	9.64	13.11	25.10	41.59	25.10	41.59	25.10	41.59		
\$200,000 under \$500,000.....	2.57	3.81	4.24	5.60	1.84	2.26	3.47	3.99	7.11	13.47	19.91	43.46	19.91	43.46	19.91	43.46		
\$500,000 under \$1,000,000.....	2.53	4.12	4.24	5.89	1.72	2.05	3.44	3.76	5.95	10.97	16.63	20.67	16.63	20.67	16.63	20.67		
\$1,000,000 under \$1,500,000.....	2.65	4.16	4.58	6.97	1.91	2.33	3.31	3.89	6.21	13.24	12.89	18.38	12.89	18.38	12.89	18.38		
\$1,500,000 under \$2,000,000.....	2.62	6.48	4.67	8.88	1.70	2.23	3.15	3.94	5.86	11.32	13.08	17.66	13.08	17.66	13.08	17.66		
\$2,000,000 under \$5,000,000.....	1.34	2.79	2.59	4.14	0.93	1.15	1.62	1.87	2.91	5.52	5.86	14.33	5.86	14.33	5.86	14.33		
\$5,000,000 under \$10,000,000.....	1.16	1.37	2.15	1.47	0.93	1.00	1.29	0.37	2.02	2.66	2.74	0.14	2.74	0.14	2.74	0.14		
\$10,000,000 or more.....	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--		
<b>Taxable returns, total</b> .....	1.49	1.62	1.84	2.27	1.41	0.79	2.45	1.83	4.81	3.60	16.63	8.21	16.63	8.21	16.63	8.21		
No adjusted gross income.....	27.28	8.62	33.29	33.89	17.19	7.89	23.70	5.65	55.37	30.24	24.59	5.96	24.59	5.96	24.59	5.96		
\$1 under \$5,000.....	47.39	62.77	99.11	84.29	26.20	33.80	49.52	56.03	28.81	33.01	--	--	--	--	--	--		
\$5,000 under \$10,000.....	16.33	24.62	22.18	31.87	18.73	20.74	26.90	31.48	37.06	37.03	99.95	99.95	99.95	99.95	99.95	99.95		
\$10,000 under \$15,000.....	8.98	11.47	13.61	16.81	13.48	17.41	22.80	30.69	32.85	45.38	--	--	--	--	--	--		
\$15,000 under \$20,000.....	7.72	10.43	10.66	15.40	12.16	16.22	18.71	23.47	27.13	34.23	99.34	99.78	99.34	99.78	99.34	99.78		
\$20,000 under \$25,000.....	7.31	10.57	10.10	13.05	11.03	14.40	14.84	23.44	29.90	56.00	--	--	--	--	--	--		
\$25,000 under \$30,000.....	7.82	10.42	8.96	12.68	12.03	15.77	15.57	22.93	26.27	39.29	60.22	65.89	60.22	65.89	60.22	65.89		
\$30,000 under \$40,000.....	5.25	7.70	5.91	7.93	7.21	9.80	10.02	14.18	18.76	23.85	--	--	--	--	--	--		
\$40,000 under \$50,000.....	5.30	7.92	5.98	8.87	6.96	9.22	9.40	15.36	**	**	**	**	**	**	**	**		
\$50,000 under \$75,000.....	3.74	5.80	3.99	5.31	4.25	5.64	6.45	10.15	**11.35	**17.29	**72.31	**59.90	**72.31	**59.90	**72.31	**59.90		
\$75,000 under \$100,000.....	4.71	6.20	5.04	6.49	4.98	6.33	7.36	9.86	15.20	23.77	69.79	51.34	69.79	51.34	69.79	51.34		
\$100,000 under \$200,000.....	3.23	4.28	3.96	4.69	2.70	3.12	4.65	5.57	9.71	13.25	25.43	46.52	25.43	46.52	25.43	46.52		
\$200,000 under \$500,000.....	2.57	3.82	4.25	5.62	1.84	2.27	3.48	4.25	7.12	13.49	20.07	45.83	20.07	45.83	20.07	45.83		
\$500,000 under \$1,000,000.....	2.53	4.13	4.25	5.91	1.72	2.05	3.45	3.89	5.96	10.98	16.70	21.38	16.70	21.38	16.70	21.38		
\$1,000,000 or more.....	1.24	1.69	2.26	2.84	0.88	0.60	1.45	0.78	2.72	2.53	4.32	3.45	4.32	3.45	4.32	3.45		
<b>Nontaxable returns, total</b> .....	2.82	3.78	3.00	3.59	3.88	5.07	3.44	2.04	12.33	16.50	33.43	8.37	33.43	8.37	33.43	8.37		

Footnotes at end of table.

Table 1.4CV--Coefficient of Variation for All Returns: Sources of Income, Adjustments, and Tax Items, by Size of Adjusted Gross Income--Continued

(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	Farm			Unemployment compensation		Total		Social security benefits	
	Net income		Net loss	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	Number of returns	Amount	Number of returns						
<b>All returns, total.....</b>	(133)	(134)	(135)	(136)	(137)	(138)	(139)	(140)	(142)
No adjusted gross income.....	3.70	4.62	1.90	2.62	1.22	1.70	0.89	0.99	1.00
\$1 under \$5,000.....	11.95	12.49	4.82	5.08	13.24	16.44	7.47	7.84	81.11
\$5,000 under \$10,000.....	18.61	26.24	15.84	22.65	9.00	11.12	5.52	6.18	42.77
\$10,000 under \$15,000.....	16.96	29.20	11.82	16.69	4.73	6.07	4.49	4.93	23.44
\$15,000 under \$20,000.....	15.78	23.91	12.29	14.95	3.93	5.15	4.18	4.69	17.99
\$20,000 under \$25,000.....	16.80	20.64	11.42	16.12	3.91	5.29	4.03	4.39	7.64
\$25,000 under \$30,000.....	18.61	28.67	11.17	14.74	4.37	6.02	3.70	4.07	4.17
\$30,000 under \$40,000.....	16.45	19.45	12.17	18.94	4.51	6.17	3.69	4.07	3.78
\$40,000 under \$50,000.....	12.65	16.98	8.48	11.20	3.72	5.02	2.70	3.03	2.70
\$50,000 under \$75,000.....	13.07	18.86	9.25	13.14	4.24	5.72	2.94	3.35	2.94
\$75,000 under \$100,000.....	9.35	11.36	6.91	10.28	3.20	4.40	2.26	2.54	2.26
\$100,000 under \$200,000.....	15.51	14.18	8.83	10.88	5.07	6.83	3.20	3.55	3.21
\$200,000 under \$500,000.....	**11.42	**12.13	8.24	8.41	5.24	6.57	2.87	3.16	2.87
\$500,000 under \$1,000,000.....	**	**	6.90	7.99	7.95	9.91	2.91	3.21	2.91
\$1,000,000 under \$1,500,000.....	12.06	13.19	6.57	8.01	**9.35	**10.74	3.05	5.35	3.05
\$1,500,000 under \$2,000,000.....	16.41	17.21	7.39	9.59	**	**	3.44	3.69	3.44
\$2,000,000 under \$5,000,000.....	13.25	22.66	7.41	10.75	**	**	3.10	3.37	3.10
\$5,000,000 under \$10,000,000.....	7.86	14.46	3.95	5.06	**	**	1.77	1.90	1.77
\$10,000,000 or more.....	6.84	3.39	3.01	0.42	**	**	1.47	1.53	1.47
<b>Taxable returns, total.....</b>	4.81	5.64	2.62	3.44	1.52	2.08	0.99	1.09	1.03
No adjusted gross income.....	40.36	47.70	43.02	24.04	66.62	72.14	40.99	49.24	34.60
\$1 under \$5,000.....	57.34	63.54	99.95	99.95	43.29	74.08	32.89	35.23	93.64
\$5,000 under \$10,000.....	39.63	47.33	41.34	50.76	12.54	16.57	12.90	13.87	42.59
\$10,000 under \$15,000.....	33.29	37.35	26.57	30.15	6.09	7.93	5.75	6.23	25.61
\$15,000 under \$20,000.....	25.15	31.96	19.07	26.49	5.48	7.40	4.79	5.22	8.57
\$20,000 under \$25,000.....	26.08	46.78	13.88	18.74	5.78	7.94	4.06	4.42	4.52
\$25,000 under \$30,000.....	20.64	21.71	15.59	22.81	5.59	7.80	3.97	4.37	4.04
\$30,000 under \$40,000.....	15.41	22.00	9.83	13.38	4.18	5.69	2.80	3.13	2.80
\$40,000 under \$50,000.....	14.20	21.77	9.95	13.84	4.51	6.16	2.99	3.41	2.99
\$50,000 under \$75,000.....	9.60	11.76	6.99	10.47	3.25	4.47	2.28	2.56	2.28
\$75,000 under \$100,000.....	16.01	14.14	8.85	11.02	5.09	6.82	3.22	3.57	3.22
\$100,000 under \$200,000.....	**11.43	**12.14	8.29	8.51	5.25	6.59	2.88	3.17	2.88
\$200,000 under \$500,000.....	**	**	6.91	8.07	7.96	9.92	2.92	3.21	2.92
\$500,000 under \$1,000,000.....	12.07	13.20	6.58	8.06	**9.37	**10.76	3.06	5.35	3.06
\$1,000,000 or more.....	7.68	8.35	3.52	3.17	**	**	1.68	1.76	1.68
<b>Non-taxable returns, total.....</b>	6.86	9.10	4.03	4.54	2.26	3.08	2.37	2.68	5.00

Footnotes at end of table.

**Table 1.4CV--Coefficient of Variation for All Returns: Sources of Income, Adjustments, and Tax Items, by Size of Adjusted Gross Income--Continued**

Size of adjusted gross income	Foreign earned income exclusion		Other income				Net operating loss		Gambling earnings		Statutory adjustments	
	Number of returns (143)	Amount (144)	Net income		Net loss		Number of returns (149)	Amount (150)	Number of returns (151)	Amount (152)	Number of returns (153)	Amount (154)
			Number of returns (145)	Amount (146)	Number of returns (147)	Amount (148)						
<b>All returns, total</b> .....	4.80	5.11	1.53	2.69	6.21	6.31	2.95	1.35	2.84	3.45	0.53	0.88
No adjusted gross income.....	9.55	11.29	8.32	10.80	10.80	10.45	3.20	1.40	18.58	23.01	4.43	6.18
\$1 under \$5,000.....	13.36	15.46	6.61	8.35	38.05	48.73	10.78	21.98	21.12	24.87	2.90	7.61
\$5,000 under \$10,000.....	24.95	31.07	6.31	9.06	54.26	74.48	14.72	22.70	13.29	15.68	2.34	4.43
\$10,000 under \$15,000.....	28.48	31.97	6.97	12.61	48.31	51.40	18.17	22.73	11.98	19.10	2.41	4.63
\$15,000 under \$20,000.....	49.65	49.75	6.94	11.43	36.71	41.44	19.35	25.35	12.01	17.22	2.74	4.21
\$20,000 under \$25,000.....	32.32	35.97	7.14	11.15	42.16	43.90	26.53	27.52	11.89	14.69	2.87	4.57
\$25,000 under \$30,000.....	31.61	32.56	7.44	12.84	38.85	42.34	24.61	32.40	13.09	18.38	2.90	4.28
\$30,000 under \$40,000.....	25.50	28.90	5.47	10.48	32.59	49.45	20.36	23.66	9.26	11.29	2.16	3.54
\$40,000 under \$50,000.....	34.01	35.44	5.79	10.78	33.93	48.50	26.04	23.22	9.09	12.67	2.23	3.74
\$50,000 under \$75,000.....	20.43	18.60	4.06	9.09	22.64	26.94	19.88	19.53	6.78	10.36	1.63	2.89
\$75,000 under \$100,000.....	24.65	21.18	4.83	12.43	24.81	28.46	23.42	24.43	8.48	13.20	2.00	3.19
\$100,000 under \$200,000.....	12.93	13.28	3.91	8.28	14.90	16.50	14.60	13.98	7.35	10.84	1.75	2.27
\$200,000 under \$500,000.....	10.99	10.61	3.28	8.87	9.97	11.14	13.75	10.62	7.32	12.18	1.59	2.30
\$500,000 under \$1,000,000.....	10.42	10.88	3.14	8.37	9.79	15.72	11.10	11.14	7.88	14.13	1.69	2.79
\$1,000,000 under \$1,500,000.....	10.33	10.85	3.19	9.11	9.35	14.10	10.72	10.51	8.27	16.90	1.94	3.26
\$1,500,000 under \$2,000,000.....	11.92	12.59	2.89	9.56	9.75	16.60	11.77	8.51	7.79	15.75	1.80	3.94
\$2,000,000 under \$5,000,000.....	7.17	7.39	1.52	5.82	4.90	7.27	5.85	4.30	4.45	8.56	0.98	2.21
\$5,000,000 under \$10,000,000.....	7.13	7.71	1.22	6.05	3.89	3.56	4.25	1.16	4.45	8.93	0.92	1.50
\$10,000,000 or more.....	--	--	--	--	--	--	--	--	--	--	--	--
<b>Taxable returns, total</b> .....	7.68	6.99	1.75	2.95	7.98	6.67	7.82	2.44	3.15	3.73	0.68	0.98
No adjusted gross income.....	**	**	19.92	16.94	26.63	0.02	17.96	2.58	27.12	27.83	27.56	15.59
\$1 under \$5,000.....	--	--	12.92	15.19	--	--	70.26	77.43	70.25	59.26	20.21	26.08
\$5,000 under \$10,000.....	**99.86	**99.86	11.93	15.03	--	--	43.27	72.14	35.28	46.34	7.08	11.26
\$10,000 under \$15,000.....	57.80	61.90	10.93	16.18	99.55	99.55	46.30	64.44	19.16	23.99	4.45	7.08
\$15,000 under \$20,000.....	73.26	71.08	9.39	15.53	59.91	69.33	24.70	36.81	16.10	18.89	4.06	5.87
\$20,000 under \$25,000.....	39.93	43.85	9.50	15.07	55.39	57.48	41.92	50.83	14.51	17.77	3.93	6.35
\$25,000 under \$30,000.....	43.59	44.66	8.96	15.87	49.56	51.95	35.55	48.80	15.12	20.75	3.69	5.54
\$30,000 under \$40,000.....	29.39	33.89	6.07	11.72	33.67	50.64	25.34	32.40	9.82	12.15	2.45	4.07
\$40,000 under \$50,000.....	38.11	38.10	6.14	11.60	39.00	49.81	36.69	32.99	9.40	12.56	2.37	4.03
\$50,000 under \$75,000.....	21.70	19.99	4.14	8.62	23.74	27.62	22.20	20.59	6.90	10.46	1.66	2.98
\$75,000 under \$100,000.....	25.62	22.02	4.86	12.78	25.05	28.77	25.40	23.77	8.52	13.24	2.01	3.22
\$100,000 under \$200,000.....	13.01	13.39	3.93	8.36	14.97	16.81	15.19	14.99	7.42	11.14	1.75	2.27
\$200,000 under \$500,000.....	11.05	10.67	3.29	8.90	9.99	11.18	14.10	11.29	7.39	12.91	1.59	2.30
\$500,000 under \$1,000,000.....	10.46	10.93	3.15	8.40	9.81	15.74	11.26	11.30	7.97	14.82	1.69	2.79
\$1,000,000 or more.....	5.47	5.84	1.40	3.09	4.29	4.69	5.30	2.28	4.23	4.01	0.91	1.62
<b>Nontaxable returns, total</b> .....	6.42	7.74	3.27	6.42	9.39	9.71	3.17	1.57	6.56	8.62	1.05	2.08

Footnotes at end of table.

**Table 1.4CV--Coefficient of Variation for All Returns: Sources of Income, Adjustments, and Tax Items, by Size of Adjusted Gross Income--Continued**  
(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	Statutory adjustments--continued											
	IRA Payments		Student loan interest deduction		Educator expenses deduction		Tuition and fees deduction		Deduction for self-employment tax		Moving expense adjustment	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
<b>All returns, total.....</b>	(155)	(156)	(157)	(158)	(159)	(160)	(161)	(162)	(163)	(164)	(165)	(166)
No adjusted gross income.....	1.99	2.15	1.56	2.30	2.24	2.38	2.18	2.54	0.54	0.92	3.98	5.30
\$1 under \$5,000.....	18.77	20.15	14.93	20.03	32.23	33.10	14.72	15.81	5.28	6.82	23.48	27.73
\$5,000 under \$10,000.....	19.09	22.58	13.56	18.14	36.72	41.55	10.42	11.64	3.07	4.17	25.01	29.66
\$10,000 under \$15,000.....	14.82	16.53	9.38	14.03	27.53	29.50	8.62	9.62	2.49	2.95	19.90	26.09
\$15,000 under \$20,000.....	12.09	13.42	7.13	10.79	17.16	18.10	10.03	12.08	2.62	3.14	17.08	21.76
\$20,000 under \$25,000.....	9.27	10.82	6.65	10.32	15.02	15.08	10.79	12.88	3.18	3.98	17.18	25.00
\$25,000 under \$30,000.....	8.56	9.74	6.28	9.22	14.02	14.54	11.31	13.56	3.50	4.69	16.54	23.07
\$30,000 under \$40,000.....	7.30	8.43	5.72	8.10	11.67	11.97	10.11	12.07	3.76	5.26	16.18	20.63
\$40,000 under \$50,000.....	5.89	6.74	4.23	6.10	7.07	7.19	8.90	11.26	2.83	4.07	11.62	16.26
\$50,000 under \$75,000.....	5.57	6.48	4.41	6.21	7.00	7.31	7.27	9.08	3.09	4.63	13.37	16.45
\$75,000 under \$100,000.....	4.69	5.13	3.35	4.91	4.63	4.96	5.75	6.87	2.24	3.51	9.30	12.37
\$100,000 under \$200,000.....	6.05	6.44	4.28	5.88	5.13	5.49	5.21	6.01	2.92	4.05	**7.20	**9.09
\$200,000 under \$500,000.....	4.90	4.83	6.23	9.72	4.98	5.37	4.79	5.29	2.16	2.43	**	**
\$500,000 under \$1,000,000.....	5.51	5.69	--	--	7.53	7.81	--	--	1.82	2.35	**	**
\$1,000,000 under \$1,500,000.....	6.86	6.98	--	--	14.95	15.16	--	--	1.97	2.69	**	**
\$1,500,000 or more.....	6.96	7.04	--	--	22.20	23.06	--	--	2.27	3.43	**	**
<b>Taxable returns, total.....</b>	7.03	7.36	--	--	19.71	20.53	--	--	2.16	3.65	**	**
No adjusted gross income.....	4.30	4.54	--	--	15.87	16.34	--	--	1.17	2.23	**	**
\$1 under \$5,000.....	4.72	4.65	--	--	18.70	20.14	--	--	1.06	1.91	**	**
\$5,000 under \$10,000.....	--	--	--	--	--	--	--	--	--	--	**	**
\$10,000 or more.....	2.18	2.30	1.72	2.51	2.34	2.48	2.49	2.93	0.84	1.12	4.45	5.98
No adjusted gross income.....	45.31	38.25	44.51	21.32	91.83	91.83	43.79	47.49	30.07	24.98	--	--
\$1 under \$5,000.....	--	--	--	--	--	--	--	--	20.93	27.34	--	--
\$5,000 under \$10,000.....	37.51	42.19	24.47	38.60	70.69	70.69	22.50	24.79	8.15	9.90	44.70	55.18
\$10,000 under \$15,000.....	23.44	28.60	9.21	13.65	24.63	26.01	14.16	17.71	5.39	6.50	23.72	33.34
\$15,000 under \$20,000.....	13.38	14.38	8.50	12.82	20.53	20.62	14.89	17.78	5.06	6.42	24.28	37.97
\$20,000 under \$25,000.....	10.78	11.67	7.82	11.28	17.92	18.50	16.16	20.27	5.17	7.10	19.39	24.40
\$25,000 under \$30,000.....	9.08	10.32	6.67	9.24	13.94	14.24	14.05	16.80	5.07	7.16	19.60	24.60
\$30,000 under \$40,000.....	6.32	7.15	4.61	6.64	7.62	7.76	10.10	13.01	3.36	4.94	12.77	17.97
\$40,000 under \$50,000.....	5.80	6.74	4.69	6.53	7.24	7.52	7.74	9.69	3.38	5.10	14.17	17.30
\$50,000 under \$75,000.....	4.75	5.18	3.40	5.00	4.68	5.01	5.82	6.96	2.31	3.66	9.45	12.67
\$75,000 under \$100,000.....	6.08	6.47	4.30	5.92	5.13	5.50	5.24	6.04	2.95	4.08	**7.20	**9.10
\$100,000 under \$200,000.....	4.90	4.84	6.24	9.72	4.98	5.37	4.79	5.29	2.17	2.44	**	**
\$200,000 under \$500,000.....	5.51	5.70	--	--	7.53	7.81	--	--	1.82	2.35	**	**
\$500,000 under \$1,000,000.....	6.86	6.98	--	--	14.96	15.17	--	--	1.97	2.69	**	**
\$1,000,000 or more.....	3.84	3.92	--	--	13.68	14.36	--	--	1.08	1.46	**	**
<b>Non-taxable returns, total.....</b>	5.10	6.07	3.77	5.71	7.96	8.40	4.50	5.15	1.06	1.74	8.95	11.01

Footnotes at end of table.

**Table 1.4CV--Coefficient of Variation for All Returns: Sources of Income, Adjustments, and Tax Items, by Size of Adjusted Gross Income--Continued**

(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	Statutory adjustments--continued												Certain business expenses of reservist, performing artist, etc.							
	Payments to a Keogh plan		Penalty on early withdrawal of savings		Alimony paid		Self-employed health insurance deduction		Medical savings account deduction		Amount		Number of returns		Amount		Number of returns			
	(167)	(168)	(169)	(170)	(171)	(172)	(173)	(174)	(175)	(176)	(177)	(178)	(175)	(176)	(177)	(178)	(175)	(176)	(177)	(178)
<b>All returns, total.....</b>	2.27	1.96	4.45	14.03	4.68	4.31	1.42	1.56	10.86	10.46	56.01	62.50	10.86	10.46	56.01	62.50	10.86	10.46	56.01	62.50
No adjusted gross income.....	32.06	25.43	22.70	41.87	17.81	16.75	7.15	8.71	65.27	54.98	--	--	65.27	54.98	--	--	65.27	54.98	--	--
\$1 under \$5,000.....	42.20	52.22	19.25	60.99	46.31	50.38	8.03	10.33	**70.56	**73.97	--	--	**70.56	**73.97	--	--	**70.56	**73.97	--	--
\$5,000 under \$10,000.....	33.29	37.99	16.55	35.27	34.91	39.29	7.70	9.42	**	**	99.76	99.76	**	**	99.76	99.76	**	**	99.76	99.76
\$10,000 under \$15,000.....	28.44	60.18	16.09	59.44	26.06	25.43	6.72	8.44	57.70	74.94	--	--	57.70	74.94	--	--	57.70	74.94	--	--
\$15,000 under \$20,000.....	25.43	29.31	16.42	33.50	23.46	25.06	6.63	8.17	**	**	--	--	**	**	--	--	**	**	--	--
\$20,000 under \$25,000.....	22.31	24.82	17.23	31.27	37.44	43.11	7.04	8.48	42.51	45.83	--	--	42.51	45.83	--	--	42.51	45.83	--	--
\$25,000 under \$30,000.....	23.03	24.25	22.08	35.63	23.53	26.84	7.21	8.13	59.67	70.43	--	--	59.67	70.43	--	--	59.67	70.43	--	--
\$30,000 under \$40,000.....	13.71	16.72	14.61	31.42	16.38	21.02	5.29	6.25	43.36	43.58	--	--	43.36	43.58	--	--	43.36	43.58	--	--
\$40,000 under \$50,000.....	14.51	17.83	15.75	32.18	18.60	24.88	6.04	7.32	**	**	70.69	70.69	**	**	70.69	70.69	**	**	70.69	70.69
\$50,000 under \$75,000.....	8.44	10.36	10.75	32.22	12.06	14.73	4.39	5.26	**24.95	**17.37	--	--	**24.95	**17.37	--	--	**24.95	**17.37	--	--
\$75,000 under \$100,000.....	7.53	8.26	15.15	28.14	13.49	15.35	5.25	5.94	**12.40	**13.02	--	--	**12.40	**13.02	--	--	**12.40	**13.02	--	--
\$100,000 under \$200,000.....	3.80	3.97	13.00	21.85	9.65	10.77	3.16	3.53	**	**	99.93	99.93	**	**	99.93	99.93	**	**	99.93	99.93
\$200,000 under \$500,000.....	2.82	3.15	14.04	21.38	7.48	7.94	2.50	3.03	**	**	99.86	99.86	**	**	99.86	99.86	**	**	99.86	99.86
\$500,000 under \$1,000,000.....	**2.24	**2.53	16.98	51.67	6.98	7.79	2.54	2.82	18.74	19.63	--	--	18.74	19.63	--	--	18.74	19.63	--	--
\$1,000,000 under \$1,500,000.....	**	**	17.00	29.34	8.21	8.77	2.88	3.26	20.58	22.04	--	--	20.58	22.04	--	--	20.58	22.04	--	--
\$1,500,000 under \$2,000,000.....	**	**	15.55	58.92	7.88	11.34	2.68	3.08	24.18	25.43	--	--	24.18	25.43	--	--	24.18	25.43	--	--
\$2,000,000 under \$5,000,000.....	**	**	11.39	28.77	4.04	5.53	1.58	1.87	16.30	16.65	--	--	16.30	16.65	--	--	16.30	16.65	--	--
\$5,000,000 under \$10,000,000.....	**	**	9.09	22.04	3.02	2.90	1.46	1.76	**25.51	**17.37	--	--	**25.51	**17.37	--	--	**25.51	**17.37	--	--
\$10,000,000 or more.....	**	**	--	--	--	--	--	--	**	**	--	--	**	**	--	--	**	**	--	--
<b>Taxable returns, total.....</b>	2.32	1.98	5.22	14.50	4.98	4.57	1.66	1.75	11.23	10.98	58.16	62.91	11.23	10.98	58.16	62.91	11.23	10.98	58.16	62.91
No adjusted gross income.....	29.46	42.27	42.92	56.21	19.38	24.42	46.22	26.93	**	**	--	--	**	**	--	--	**	**	--	--
\$1 under \$5,000.....	--	--	74.96	98.93	--	--	91.83	91.83	--	--	--	--	--	--	--	--	--	--	--	--
\$5,000 under \$10,000.....	99.93	99.93	34.31	52.32	74.08	74.77	22.20	25.67	**	**	--	--	**	**	--	--	**	**	--	--
\$10,000 under \$15,000.....	44.69	47.07	27.46	79.47	36.51	34.64	11.94	14.78	**70.56	**78.44	--	--	**70.56	**78.44	--	--	**70.56	**78.44	--	--
\$15,000 under \$20,000.....	43.54	49.87	22.48	42.24	27.31	29.55	9.84	11.56	55.07	55.08	--	--	55.07	55.08	--	--	55.07	55.08	--	--
\$20,000 under \$25,000.....	27.05	28.92	20.04	34.82	45.64	53.22	9.62	11.82	49.97	55.73	--	--	49.97	55.73	--	--	49.97	55.73	--	--
\$25,000 under \$30,000.....	25.81	27.76	25.02	37.99	25.07	28.45	9.40	10.82	74.76	94.16	--	--	74.76	94.16	--	--	74.76	94.16	--	--
\$30,000 under \$40,000.....	15.09	17.56	15.33	32.67	17.16	22.55	6.19	7.43	48.90	51.03	--	--	48.90	51.03	--	--	48.90	51.03	--	--
\$40,000 under \$50,000.....	15.25	18.88	16.75	35.20	19.53	27.18	6.46	7.97	48.60	53.70	70.69	70.69	48.60	53.70	70.69	70.69	48.60	53.70	70.69	70.69
\$50,000 under \$75,000.....	8.65	10.75	10.88	32.29	12.17	15.05	4.57	5.53	41.60	36.51	--	--	41.60	36.51	--	--	41.60	36.51	--	--
\$75,000 under \$100,000.....	7.50	8.35	15.32	29.27	13.59	15.52	5.30	6.02	**12.44	**13.09	--	--	**12.44	**13.09	--	--	**12.44	**13.09	--	--
\$100,000 under \$200,000.....	3.80	3.98	13.12	22.21	9.66	10.82	3.17	3.54	**	**	99.93	99.93	**	**	99.93	99.93	**	**	99.93	99.93
\$200,000 under \$500,000.....	2.82	3.15	14.06	21.52	7.49	7.96	2.50	3.03	18.74	19.63	--	--	18.74	19.63	--	--	18.74	19.63	--	--
\$500,000 under \$1,000,000.....	**2.24	**2.53	17.01	51.79	6.98	7.79	2.54	2.82	14.34	15.31	--	--	14.34	15.31	--	--	14.34	15.31	--	--
\$1,000,000 or more.....	**	**	9.05	24.73	3.99	3.88	1.42	1.60	33.73	33.87	--	--	33.73	33.87	--	--	33.73	33.87	--	--
<b>Nontaxable returns, total.....</b>	11.45	15.61	8.57	31.62	13.25	12.34	3.01	3.60	99.76	99.76	99.76	99.76	99.76	99.76	99.76	99.76	99.76	99.76	99.76	99.76

Footnotes at end of table.

**Table 1.4CV--Coefficient of Variation for All Returns: Sources of Income, Adjustments, and Tax Items, by Size of Adjusted Gross Income--Continued**

Size of adjusted gross income	Statutory adjustments--continued						Basic standard deduction		Additional standard deduction		Total itemized deductions		Exemptions	
	Other adjustments		Foreign housing adjustment		Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(179)	(180)	(181)	(182)										
<b>All returns, total.....</b>	7.46	12.12	33.34	25.28	0.21	0.28	1.09	1.15	0.39	0.39	0.22	0.22	0.22	0.22
No adjusted gross income.....	87.75	44.27	**0.00	**0.00	--	--	--	--	--	--	2.79	2.77	2.77	2.77
\$1 under \$5,000.....	54.16	93.59	--	--	1.13	1.29	4.07	4.19	5.82	7.60	1.87	1.86	1.86	1.86
\$5,000 under \$10,000.....	41.71	53.67	--	--	1.12	1.16	3.14	3.23	4.55	6.17	1.45	1.45	1.45	1.45
\$10,000 under \$15,000.....	39.41	78.89	--	--	1.18	1.22	2.92	3.03	3.67	4.29	1.35	1.35	1.35	1.35
\$15,000 under \$20,000.....	37.72	57.66	**	**	1.25	1.29	3.18	3.31	3.30	3.83	1.37	1.37	1.37	1.37
\$20,000 under \$25,000.....	42.48	56.89	--	--	1.41	1.45	3.97	4.16	3.08	3.39	1.48	1.48	1.48	1.48
\$25,000 under \$30,000.....	33.38	42.56	--	--	1.58	1.63	4.66	4.91	2.92	3.45	1.62	1.62	1.62	1.62
\$30,000 under \$40,000.....	24.35	32.79	--	--	1.31	1.35	3.76	3.97	1.87	2.14	1.25	1.24	1.24	1.24
\$40,000 under \$50,000.....	24.22	42.27	**	**	1.56	1.62	4.34	4.61	1.80	2.00	1.32	1.32	1.32	1.32
\$50,000 under \$75,000.....	14.84	24.05	**0.00	**0.00	1.42	1.47	3.67	3.95	1.12	1.24	0.94	0.94	0.94	0.94
\$75,000 under \$100,000.....	23.12	34.09	**	**	2.74	2.79	5.94	6.30	1.19	1.34	1.15	1.15	1.15	1.15
\$100,000 under \$200,000.....	17.81	27.49	75.09	69.59	3.87	3.94	**5.73	**6.04	1.05	1.09	1.12	1.12	1.12	1.12
\$200,000 under \$500,000.....	18.38	26.51	**31.15	**25.07	4.92	4.95	**	**	1.04	1.12	1.13	1.13	1.13	1.13
\$500,000 under \$1,000,000.....	20.78	43.31	**	**	4.76	4.82	**	**	1.23	1.41	1.35	( ' )	( ' )	( ' )
\$1,000,000 under \$1,500,000.....	21.46	17.59	**	**	4.80	4.85	**	**	1.49	1.88	1.63	( ' )	( ' )	( ' )
\$1,500,000 under \$2,000,000.....	26.68	86.31	**	**	4.50	4.58	**	**	1.30	1.92	1.41	( ' )	( ' )	( ' )
\$2,000,000 under \$5,000,000.....	14.61	29.34	**	**	3.22	3.29	**	**	0.67	0.98	0.78	( ' )	( ' )	( ' )
\$5,000,000 under \$10,000,000.....	10.21	1.40	**	**	4.11	4.22	**	**	0.72	0.80	0.81	( ' )	( ' )	( ' )
\$10,000,000 or more.....	--	--	**	**	--	--	**	**	--	--	--	( ' )	( ' )	( ' )
<b>Taxable returns, total.....</b>	8.27	12.21	33.75	25.58	0.44	0.48	1.37	1.44	0.42	0.39	0.28	0.29	0.29	0.29
No adjusted gross income.....	**	**	--	--	--	--	--	--	--	--	15.55	15.54	15.54	15.54
\$1 under \$5,000.....	--	--	--	--	4.50	5.94	57.72	61.22	46.77	40.82	96.62	96.62	96.62	96.62
\$5,000 under \$10,000.....	--	--	--	--	2.05	2.07	8.43	8.46	22.52	27.82	3.39	3.39	3.39	3.39
\$10,000 under \$15,000.....	**47.01	**63.67	--	--	1.72	1.73	4.02	4.06	6.38	6.60	1.80	1.80	1.80	1.80
\$15,000 under \$20,000.....	75.01	96.48	--	--	1.72	1.78	3.87	4.01	4.86	5.05	1.74	1.74	1.74	1.74
\$20,000 under \$25,000.....	61.68	70.98	--	--	1.82	1.88	4.09	4.28	4.07	4.27	1.77	1.77	1.77	1.77
\$25,000 under \$30,000.....	47.61	56.22	--	--	1.88	1.94	4.76	5.02	3.61	3.83	1.80	1.80	1.80	1.80
\$30,000 under \$40,000.....	29.62	38.73	--	--	1.41	1.46	3.78	3.99	2.11	2.25	1.30	1.30	1.30	1.30
\$40,000 under \$50,000.....	26.32	45.10	--	--	1.60	1.67	4.35	4.62	1.93	2.09	1.35	1.35	1.35	1.35
\$50,000 under \$75,000.....	15.02	24.90	--	--	1.43	1.47	3.67	3.95	1.15	1.26	0.95	0.95	0.95	0.95
\$75,000 under \$100,000.....	23.15	35.46	--	--	2.74	2.79	5.94	6.30	1.19	1.35	1.15	1.15	1.15	1.15
\$100,000 under \$200,000.....	17.83	27.59	75.80	70.48	3.87	3.94	**5.73	**6.04	1.05	1.09	1.12	1.12	1.12	1.12
\$200,000 under \$500,000.....	18.38	26.53	**31.38	**25.25	4.92	4.96	**	**	1.04	1.13	1.13	1.13	1.13	1.13
\$500,000 under \$1,000,000.....	20.84	43.35	**	**	4.76	4.83	**	**	1.23	1.42	1.35	1.35	1.35	1.35
\$1,000,000 or more.....	12.21	25.92	**	**	2.80	2.82	**	**	0.66	0.45	0.75	--	--	--
<b>Non-taxable returns, total.....</b>	17.28	33.97	--	--	0.53	0.58	1.99	2.08	1.59	1.87	0.64	0.64	0.64	0.64

Footnotes at end of table.

**Table 1.4CV--Coefficient of Variation for All Returns: Sources of Income, Adjustments, and Tax Items, by Size of Adjusted Gross Income--Continued**  
(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	Taxable income		Alternative minimum tax		Income tax before credits	
	Number of returns (191)	Amount (192)	Number of returns (193)	Amount (194)	Number of returns (195)	Amount (196)
All returns, total.....	0.17	0.16	1.14	1.55	0.17	0.19
No adjusted gross income.....	--	--	**19.30	**10.05	19.28	10.15
\$1 under \$5,000.....	4.41	6.43	**	**	4.43	21.75
\$5,000 under \$10,000.....	1.87	2.42	52.34	57.50	1.87	2.52
\$10,000 under \$15,000.....	1.51	1.70	72.92	96.02	1.51	1.74
\$15,000 under \$20,000.....	1.33	1.56	65.96	56.31	1.33	1.61
\$20,000 under \$25,000.....	1.33	1.50	66.12	75.24	1.33	1.56
\$25,000 under \$30,000.....	1.40	1.54	67.04	97.58	1.40	1.62
\$30,000 under \$40,000.....	1.05	1.13	50.39	37.82	1.05	1.18
\$40,000 under \$50,000.....	1.08	1.14	27.03	46.69	1.08	1.25
\$50,000 under \$75,000.....	0.77	0.81	10.49	14.66	0.77	0.86
\$75,000 under \$100,000.....	0.95	0.98	8.84	13.06	0.95	1.04
\$100,000 under \$200,000.....	0.97	0.91	2.40	5.61	0.97	0.91
\$200,000 under \$500,000.....	1.00	0.89	**1.11	**1.40	1.00	0.89
\$500,000 under \$1,000,000.....	1.16	1.03	**	**	1.16	1.05
\$1,000,000 under \$1,500,000.....	1.40	1.33	**	**	1.40	1.36
\$1,500,000 under \$2,000,000.....	1.22	1.24	**	**	1.22	1.27
\$2,000,000 under \$5,000,000.....	0.64	0.56	**	**	0.64	0.58
\$5,000,000 under \$10,000,000.....	0.71	0.58	**	**	0.71	0.61
\$10,000,000 or more.....	--	--	**	**	--	--
<b>Taxable returns, total.....</b>	<b>0.21</b>	<b>0.16</b>	<b>1.14</b>	<b>1.55</b>	<b>0.21</b>	<b>0.19</b>
No adjusted gross income.....	--	--	**17.08	**10.10	17.21	10.23
\$1 under \$5,000.....	4.49	6.50	**	**	4.48	22.01
\$5,000 under \$10,000.....	2.04	2.57	53.49	58.58	2.04	2.68
\$10,000 under \$15,000.....	1.66	1.82	78.46	97.70	1.66	1.86
\$15,000 under \$20,000.....	1.61	1.78	66.26	56.36	1.61	1.82
\$20,000 under \$25,000.....	1.65	1.78	67.69	75.75	1.65	1.82
\$25,000 under \$30,000.....	1.65	1.74	68.01	97.81	1.65	1.81
\$30,000 under \$40,000.....	1.14	1.20	57.48	40.78	1.14	1.24
\$40,000 under \$50,000.....	1.13	1.18	30.65	50.03	1.13	1.28
\$50,000 under \$75,000.....	0.78	0.82	10.55	14.68	0.78	0.87
\$75,000 under \$100,000.....	0.95	0.98	8.99	13.14	0.95	1.04
\$100,000 under \$200,000.....	0.97	0.91	2.40	5.62	0.97	0.91
\$200,000 under \$500,000.....	1.00	0.89	**1.11	**1.40	1.00	0.89
\$500,000 under \$1,000,000.....	1.16	1.03	**	**	1.16	1.05
\$1,000,000 or more.....	0.62	0.27	**	**	0.62	0.29
<b>Nontaxable returns, total.....</b>	<b>1.09</b>	<b>1.47</b>	<b>28.51</b>	<b>28.77</b>	<b>1.09</b>	<b>1.58</b>

( \* ) No exemption allowed at these income levels.

\*\* Data combined to avoid disclosure of information for specific taxpayers.

Table 2.1--Returns with Itemized Deductions: Sources of Income, Adjustments, Itemized Deductions by Type, Exemptions, and Tax Items, by Size of Adjusted Gross Income

(All figures are estimates based on samples--money amounts are in thousands of dollars)

Table with 14 columns: Size of adjusted gross income, Number of returns, Adjusted gross income less deficit, Salaries and wages, Taxable interest, Tax-exempt interest, Ordinary dividends, Qualified dividends, Alimony received, Business or profession net income less loss, Sales of capital assets, Sales of property other than capital assets, State income tax refunds, Taxable IRA distributions, and Total. Rows include 'All returns, total' and 'Nontaxable returns, total'.

Footnotes at end of table









Table 2.1 --Returns with Itemized Deductions: Sources of Income, Adjustments, Itemized Deductions by Type, Exemptions, and Tax Items, by Size of Adjusted Gross Income--Continued

(All figures are estimates based on samples--money amounts are in thousands of dollars)

Table with 13 main columns: Size of adjusted gross income, Gambling loss deduction, Limited miscellaneous deductions, Miscellaneous deductions subject to 2% AGI limitation, Miscellaneous deductions other than gambling, Total unlimited miscellaneous deduction, Exemptions, Taxable income, Alternative minimum tax, Income tax before credits, Total tax credits, Income tax after credits, Total income tax. Rows include 'All returns, total' and various income brackets.

\*\* Estimate should be used with caution due to the small number of sample returns on which it is based.

(\*) Data combined to avoid disclosure of information for specific taxpayers

( ) No exemptions allowed at these income levels

NOTE: Detail may not add to totals because of rounding.

**Table 2.1CV--Coefficient of Variation for Returns with Itemized Deductions: Sources of Income, Adjustments, Itemized Deductions by Type, Exemptions, and Tax Items, and Tax Items, by Size of Adjusted Gross Income**  
(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	Number of returns		Adjusted gross income less deficit		Salaries and wages		Taxable interest		Tax-exempt interest		Ordinary dividends		Qualified dividends	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)		
<b>All returns, total</b> .....	0.39	0.27	0.44	0.38	0.51	1.24	1.74	1.86	0.74	1.36	0.86	1.61		
Under \$5,000.....	5.82	6.72	10.38	15.04	6.84	12.66	24.17	35.10	8.41	16.49	9.57	22.61		
\$5,000 under \$10,000.....	4.55	4.64	7.43	9.24	5.48	9.76	16.51	26.75	6.84	10.33	7.97	12.58		
\$10,000 under \$15,000.....	3.67	3.71	5.40	6.78	4.63	9.63	13.78	30.34	6.12	11.81	6.88	11.81		
\$15,000 under \$20,000.....	3.30	3.31	4.34	4.82	4.22	9.23	12.69	19.79	5.50	10.19	6.28	12.25		
\$20,000 under \$25,000.....	3.08	3.09	3.74	4.03	4.12	9.23	12.92	24.31	5.55	10.20	6.40	12.68		
\$25,000 under \$30,000.....	2.92	2.92	3.26	3.45	4.06	10.43	13.20	22.19	5.53	11.75	6.56	14.00		
\$30,000 under \$35,000.....	2.71	2.71	2.96	3.15	3.77	10.36	13.02	22.29	5.43	11.77	6.27	14.34		
\$35,000 under \$40,000.....	2.65	2.65	2.87	3.01	3.57	11.79	13.14	25.50	5.10	11.84	5.97	15.02		
\$40,000 under \$45,000.....	2.62	2.62	2.81	2.98	3.45	11.43	11.87	21.84	4.88	11.73	5.63	13.57		
\$45,000 under \$50,000.....	2.64	2.64	2.83	2.99	3.43	11.70	11.85	18.74	4.88	11.44	5.75	13.77		
\$50,000 under \$55,000.....	2.66	2.66	2.83	2.99	3.41	11.04	12.60	19.30	4.92	12.66	5.72	15.83		
\$55,000 under \$60,000.....	2.71	2.71	2.86	3.04	3.31	10.07	12.97	23.12	4.75	12.82	5.57	15.93		
\$60,000 under \$75,000.....	1.58	1.59	1.66	1.77	1.92	7.38	7.65	12.06	2.77	7.68	3.25	9.50		
\$75,000 under \$100,000.....	1.19	1.19	1.24	1.33	1.47	5.69	6.25	9.99	2.16	7.32	2.55	9.35		
\$100,000 under \$200,000.....	1.05	0.97	1.11	1.13	1.15	3.87	3.33	5.06	1.45	4.78	1.66	5.78		
\$200,000 under \$500,000.....	1.04	0.93	1.16	1.24	1.07	3.44	2.17	3.32	1.31	3.32	1.31	3.75		
\$500,000 under \$1,000,000.....	1.23	1.09	1.40	1.60	1.24	2.94	1.92	3.32	1.32	3.55	1.41	4.10		
\$1,000,000 under \$1,500,000.....	1.49	1.38	1.68	2.12	1.49	3.40	2.03	3.22	1.55	4.01	1.63	4.53		
\$1,500,000 under \$2,000,000.....	1.30	1.30	1.47	1.99	1.31	3.09	1.78	3.48	1.35	4.08	1.43	4.74		
\$2,000,000 under \$5,000,000.....	0.67	0.57	0.78	1.08	0.67	1.49	0.89	1.72	0.69	2.07	0.73	2.42		
\$5,000,000 under \$10,000,000.....	0.72	0.57	0.79	1.04	0.72	1.01	0.83	0.66	0.73	1.53	0.76	1.82		
\$10,000,000 or more.....	--	--	--	--	--	--	--	--	--	--	--	--		
<b>Taxable returns, total</b> .....	0.42	0.28	0.46	0.40	0.54	1.30	1.81	1.88	0.78	1.42	0.91	1.67		
<b>Nontaxable returns, total</b> .....	1.59	1.90	2.01	2.45	2.05	4.47	6.32	8.51	2.69	4.43	3.08	5.54		
Size of adjusted gross income	State income tax refunds		Alimony received		Business or profession net income less loss		Sales of capital assets net gain less loss		Sales of property other than capital assets		Taxable IRA distributions			
	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)		
<b>All returns, total</b> .....	0.69	0.90	6.80	8.88	0.73	1.53	0.82	0.77	2.66	44.14	1.84	2.91		
Under \$5,000.....	14.74	20.64	44.95	53.62	8.08	31.46	8.34	370.82	25.88	52.91	21.79	24.58		
\$5,000 under \$10,000.....	10.87	14.18	36.84	37.92	7.31	21.41	6.91	43.05	22.33	121.51	12.08	15.69		
\$10,000 under \$15,000.....	7.90	10.71	23.58	26.69	6.03	12.21	6.30	62.80	22.86	844.46	10.41	13.43		
\$15,000 under \$20,000.....	6.46	9.69	37.07	42.21	5.66	10.51	5.87	66.021 02	18.61	61.02	8.16	10.88		
\$20,000 under \$25,000.....	5.55	7.43	27.98	27.98	5.77	11.92	5.84	85.22	20.91	114.57	8.77	11.55		
\$25,000 under \$30,000.....	4.92	6.37	25.62	31.06	5.41	12.29	6.08	64.02	19.62	476.53	9.43	14.22		
\$30,000 under \$35,000.....	4.27	5.83	21.57	26.15	5.83	12.43	5.98	77.39	16.66	79.83	9.63	13.54		
\$35,000 under \$40,000.....	4.00	5.27	27.92	32.53	5.36	10.89	5.75	58.83	18.53	70.57	8.41	13.13		
\$40,000 under \$45,000.....	3.81	6.13	21.93	27.62	5.34	12.63	5.39	68.94	17.36	66.86	8.89	13.37		
\$45,000 under \$50,000.....	3.69	4.93	27.18	33.27	5.21	13.59	5.43	27.33	17.97	64.49	9.04	14.61		
\$50,000 under \$55,000.....	3.77	5.02	34.43	44.70	5.53	11.25	5.40	33.27	19.79	120.83	9.24	14.80		
\$55,000 under \$60,000.....	2.17	3.01	19.21	21.45	3.28	7.65	3.16	16.06	11.85	76.96	5.59	8.98		
\$60,000 under \$75,000.....	1.78	2.59	10.78	36.10	2.64	5.58	2.54	9.90	9.32	63.91	5.11	8.29		
\$75,000 under \$100,000.....	1.59	2.18	28.64	30.59	2.04	3.06	1.60	4.19	5.45	43.66	3.99	6.24		
\$100,000 under \$200,000.....	1.63	3.58	26.42	32.98	1.98	3.02	1.24	3.00	3.42	64.49	4.10	7.67		
\$200,000 under \$500,000.....	1.81	3.27	31.81	46.56	2.35	2.80	1.33	2.80	3.14	639.88	4.86	10.06		
\$500,000 under \$1,000,000.....	2.04	3.41	43.13	43.65	2.86	5.25	1.54	2.81	2.95	176.89	5.67	14.34		
\$1,000,000 under \$1,500,000.....	1.78	3.23	29.79	59.91	2.81	7.04	1.35	2.71	2.72	86.50	5.08	15.04		
\$1,500,000 under \$2,000,000.....	0.95	2.25	20.10	47.41	1.46	4.42	0.69	1.25	1.36	51.23	2.96	7.55		
\$2,000,000 under \$5,000,000.....	0.91	1.29	--	--	1.26	3.52	0.72	0.83	1.11	59.61	2.41	2.85		
\$5,000,000 under \$10,000,000.....	--	--	--	--	--	--	--	--	--	--	--	--		
\$10,000,000 or more.....	--	--	--	--	--	--	--	--	--	--	--	--		
<b>Taxable returns, total</b> .....	0.72	0.92	7.62	9.66	0.83	1.61	0.87	0.76	2.83	28.38	1.97	3.07		
<b>Nontaxable returns, total</b> .....	2.93	4.07	14.95	16.88	2.38	5.27	2.73	12.78	7.95	55.75	5.13	7.08		

Footnotes at end of table

**Table 2.1CV--Coefficient of Variation for Returns with Itemized Deductions: Sources of Income, Adjustments, Itemized Deductions by Type, Exemptions, and Tax Items, by Size of Adjusted Gross Income--Continued**  
(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	Taxable pensions and annuities		Rent and royalty net income		Rent and royalty net loss		Farm rental net income less loss		Partnership and S Corporation net income less loss		Estate and trust net income less loss	
	Number of returns (25)	Amount (26)	Number of returns (27)	Amount (28)	Number of returns (29)	Amount (30)	Number of returns (31)	Amount (32)	Number of returns (33)	Amount (34)	Number of returns (35)	Amount (36)
<b>All returns, total</b>	<b>1.11</b>	<b>1.56</b>	<b>1.56</b>	<b>1.66</b>	<b>1.74</b>	<b>2.00</b>	<b>6.76</b>	<b>13.19</b>	<b>1.27</b>	<b>1.01</b>	<b>5.19</b>	<b>3.94</b>
Under \$5,000	15.00	24.81	24.81	27.18	14.32	16.04	38.74	303.21	14.34	27.87	97.05	99.86
\$5,000 under \$10,000	8.95	10.39	10.39	22.09	12.80	16.76	31.37	39.63	12.91	45.20	36.87	43.33
\$10,000 under \$15,000	6.23	7.47	7.47	13.84	11.30	13.80	28.45	43.60	12.12	41.07	37.53	50.27
\$15,000 under \$20,000	5.70	7.07	7.07	13.85	9.89	14.07	29.82	63.41	9.73	81.79	40.61	179.66
\$20,000 under \$25,000	5.71	7.20	7.20	14.02	10.05	12.69	29.99	183.39	9.37	126.29	38.75	179.66
\$25,000 under \$30,000	5.99	8.04	8.04	14.29	10.05	12.89	28.34	360.03	10.37	360.03	33.66	52.90
\$30,000 under \$35,000	5.89	7.96	7.96	14.41	8.66	11.10	28.91	75.60	9.28	114.58	35.38	55.47
\$35,000 under \$40,000	5.87	8.02	8.02	13.97	9.22	11.11	41.89	304.06	9.64	652.86	27.79	41.69
\$40,000 under \$45,000	5.52	7.89	7.89	13.87	8.96	12.59	36.45	411.51	9.63	193.88	29.25	47.38
\$45,000 under \$50,000	5.38	7.52	7.52	14.63	9.35	12.82	38.93	75.43	8.60	34.16	38.49	52.98
\$50,000 under \$55,000	5.46	7.98	7.98	15.74	9.13	12.14	39.34	76.35	8.80	29.84	31.42	43.72
\$55,000 under \$60,000	5.44	7.84	7.84	15.41	8.66	11.34	35.57	45.47	8.90	29.34	42.21	50.70
\$60,000 under \$75,000	3.40	4.79	4.79	8.72	5.67	6.86	25.95	13.82	5.30	21.76	13.82	30.93
\$75,000 under \$100,000	3.00	4.35	4.35	6.54	5.23	6.33	20.40	47.08	4.51	12.06	17.04	25.22
\$100,000 under \$200,000	2.46	3.26	3.26	4.18	3.45	4.01	14.40	26.18	2.43	4.08	9.92	14.99
\$200,000 under \$500,000	2.77	4.98	4.98	3.62	3.13	3.42	13.25	34.02	1.62	6.81	6.81	14.84
\$500,000 under \$1,000,000	3.32	6.34	6.34	3.99	3.18	3.42	11.95	38.66	1.70	2.30	5.81	11.64
\$1,000,000 under \$1,500,000	3.76	8.86	8.86	4.02	3.39	3.56	12.55	53.53	1.70	2.62	5.94	14.65
\$1,500,000 under \$2,000,000	3.37	8.99	8.99	6.39	3.54	3.54	12.46	161.75	1.52	2.53	5.45	12.58
\$2,000,000 under \$5,000,000	1.85	7.40	7.40	2.64	1.84	1.84	7.03	35.34	0.77	1.30	2.64	5.93
\$5,000,000 under \$10,000,000	1.56	9.54	9.54	1.36	1.55	1.55	6.82	13.82	0.76	1.10	1.70	2.90
\$10,000,000 or more	--	--	--	--	--	--	--	--	--	--	--	--
<b>Taxable returns, total</b>	<b>1.18</b>	<b>1.63</b>	<b>1.73</b>	<b>1.72</b>	<b>1.91</b>	<b>2.17</b>	<b>7.43</b>	<b>13.92</b>	<b>1.34</b>	<b>0.97</b>	<b>5.42</b>	<b>3.96</b>
<b>Nontaxable returns, total</b>	<b>3.44</b>	<b>4.71</b>	<b>4.68</b>	<b>6.59</b>	<b>4.35</b>	<b>5.20</b>	<b>16.24</b>	<b>39.94</b>	<b>4.14</b>	<b>19.66</b>	<b>18.16</b>	<b>34.32</b>
Size of adjusted gross income	Farm net income less loss		Unemployment compensation		Taxable social security benefits		Foreign-earned income exclusion		Other income less loss		Total statutory adjustments	
	Number of returns (37)	Amount (38)	Number of returns (39)	Amount (40)	Number of returns (41)	Amount (42)	Number of returns (43)	Amount (44)	Number of returns (45)	Amount (46)	Number of returns (47)	Amount (48)
<b>All returns, total</b>	<b>3.38</b>	<b>6.66</b>	<b>2.16</b>	<b>2.95</b>	<b>1.46</b>	<b>1.66</b>	<b>10.69</b>	<b>9.90</b>	<b>2.04</b>	<b>3.92</b>	<b>0.83</b>	<b>1.11</b>
Under \$5,000	33.22	251.76	29.06	30.06	92.34	80.59	53.86	60.60	22.68	47.77	8.52	14.31
\$5,000 under \$10,000	28.19	39.43	19.38	24.17	34.96	41.21	61.02	64.39	16.26	42.00	7.48	13.59
\$10,000 under \$15,000	21.97	64.36	13.81	17.11	24.13	32.77	40.79	38.52	14.30	38.52	6.24	11.11
\$15,000 under \$20,000	21.33	30.73	11.43	14.76	11.07	17.05	71.71	78.20	14.10	40.70	5.66	8.21
\$20,000 under \$25,000	20.80	41.69	11.00	15.61	7.03	11.61	--	--	12.73	21.52	5.54	8.51
\$25,000 under \$30,000	22.08	38.01	9.24	6.54	9.11	7.81	78.11	77.31	12.98	5.24	7.42	27.98
\$30,000 under \$35,000	20.54	31.59	8.92	11.27	6.18	7.18	47.28	47.92	11.38	26.68	5.01	7.96
\$35,000 under \$40,000	19.64	60.32	9.34	12.01	6.79	7.46	98.40	98.40	11.93	40.52	4.74	8.02
\$40,000 under \$45,000	19.62	42.72	9.33	12.67	6.32	6.98	76.91	70.34	11.51	30.91	4.66	7.81
\$45,000 under \$50,000	20.15	34.08	9.76	11.92	6.71	7.31	67.31	76.00	12.06	21.97	4.59	7.70
\$50,000 under \$55,000	21.23	111.19	8.54	10.77	7.00	7.55	95.57	93.54	10.81	29.67	4.60	7.17
\$55,000 under \$60,000	18.73	33.39	9.41	13.81	6.88	7.51	76.38	76.88	11.47	24.55	4.54	7.63
\$60,000 under \$75,000	12.26	25.93	5.57	7.54	4.36	4.79	39.75	30.96	6.53	15.94	2.87	5.05
\$75,000 under \$100,000	10.45	17.47	5.69	7.75	4.11	4.58	37.78	35.57	5.39	16.47	2.28	3.60
\$100,000 under \$200,000	8.43	22.70	5.50	8.86	3.25	3.54	16.56	17.18	4.04	10.53	1.84	2.38
\$200,000 under \$500,000	6.69	15.60	8.11	10.12	3.11	3.40	16.40	16.27	3.24	10.37	1.64	2.36
\$500,000 under \$1,000,000	6.45	11.85	12.49	14.36	3.26	3.50	15.12	15.38	3.14	9.64	1.77	2.89
\$1,000,000 under \$1,500,000	7.51	16.82	17.36	19.20	3.64	3.93	12.58	13.51	3.15	10.20	2.04	3.39
\$1,500,000 under \$2,000,000	6.85	21.02	15.19	18.48	3.28	3.58	16.24	16.67	2.91	11.13	1.89	4.13
\$2,000,000 under \$5,000,000	3.57	9.99	12.37	13.95	1.83	1.96	8.58	8.80	1.17	6.67	1.01	2.28
\$5,000,000 under \$10,000,000	2.82	1.63	14.87	15.73	1.48	1.54	7.90	7.77	1.17	6.61	0.94	1.52
\$10,000,000 or more	--	--	--	--	--	--	--	--	--	--	--	--
<b>Taxable returns, total</b>	<b>3.79</b>	<b>6.87</b>	<b>2.35</b>	<b>3.11</b>	<b>1.51</b>	<b>1.70</b>	<b>11.31</b>	<b>10.32</b>	<b>2.17</b>	<b>4.04</b>	<b>0.91</b>	<b>1.17</b>
<b>Nontaxable returns, total</b>	<b>9.09</b>	<b>21.71</b>	<b>5.56</b>	<b>7.25</b>	<b>5.79</b>	<b>8.02</b>	<b>32.83</b>	<b>33.11</b>	<b>5.97</b>	<b>16.02</b>	<b>2.43</b>	<b>3.68</b>

Footnotes at end of table

Table 2.1CV--Coefficient of Variation for Returns with Itemized Deductions: Sources of Income, Adjustments, Itemized Deductions by Type, Exemptions, and Tax Items, by Size of Adjusted Gross Income--Continued

(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	Total itemized deductions										Taxes paid deduction	
	Total in taxable income		Itemized deductions limitation		Medical and dental expenses deduction		Medical and dental expenses		Medical and dental expenses limitation		Total	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
All returns, total.....	(49)	(50)	(51)	(52)	(53)	(54)	(55)	(56)	(57)	(58)	(59)	
Under \$5,000.....	0.39	0.70	0.29	1.25	2.36	1.25	1.83	1.25	1.45	0.40	0.37	
\$5,000 under \$10,000.....	6.17	—	—	7.20	12.02	7.20	11.85	7.21	8.29	4.80	9.10	
\$10,000 under \$15,000.....	4.29	—	—	5.50	10.85	5.50	10.36	5.50	5.62	4.80	11.35	
\$15,000 under \$20,000.....	3.83	—	—	4.70	7.29	4.70	6.79	4.70	4.75	3.81	5.91	
\$20,000 under \$25,000.....	3.39	—	—	4.41	7.88	4.41	7.07	4.41	4.42	3.42	4.77	
\$25,000 under \$30,000.....	3.45	—	—	4.52	7.53	4.52	6.55	4.52	4.53	3.18	3.92	
\$30,000 under \$35,000.....	3.23	—	—	4.76	8.54	4.76	7.10	4.76	4.76	2.98	3.61	
\$35,000 under \$40,000.....	2.90	—	—	4.62	11.35	4.62	8.66	4.62	4.62	2.74	3.63	
\$40,000 under \$45,000.....	2.87	—	—	5.10	9.13	5.10	7.12	5.10	5.10	2.68	3.02	
\$45,000 under \$50,000.....	2.94	—	—	5.15	9.00	5.15	6.86	5.15	5.15	2.65	3.05	
\$50,000 under \$55,000.....	2.88	—	—	5.41	9.32	5.41	7.00	5.41	5.41	2.67	3.38	
\$55,000 under \$60,000.....	2.96	—	—	6.62	12.43	6.62	8.99	6.62	6.62	2.72	2.93	
\$60,000 under \$75,000.....	1.72	23.28	26.69	4.31	7.97	4.31	5.50	4.31	4.33	1.59	1.75	
\$75,000 under \$100,000.....	1.34	13.78	14.51	4.42	8.39	4.42	5.69	4.42	4.44	1.19	1.36	
\$100,000 under \$200,000.....	1.09	1.28	1.35	5.46	9.52	5.46	6.67	5.46	5.22	1.05	1.07	
\$200,000 under \$500,000.....	1.12	1.04	0.88	8.53	12.04	8.53	8.97	8.53	8.06	1.04	1.11	
\$500,000 under \$1,000,000.....	1.41	1.23	1.08	14.99	21.72	14.99	16.68	14.99	14.12	1.23	1.33	
\$1,000,000 under \$1,500,000.....	1.88	1.49	1.36	23.61	28.68	23.61	25.52	23.61	22.67	1.49	1.64	
\$1,500,000 under \$2,000,000.....	0.98	1.30	1.31	27.22	32.35	27.22	27.76	27.22	27.36	1.30	1.67	
\$2,000,000 under \$5,000,000.....	0.80	0.67	0.59	27.49	43.03	27.49	30.68	27.49	25.05	0.67	0.84	
\$5,000,000 or more.....	—	0.72	0.59	35.95	15.94	35.95	25.16	35.95	28.94	0.72	0.71	
Taxable returns, total.....	0.39	0.70	0.29	1.53	2.46	1.53	1.89	1.53	1.65	0.42	0.37	
Non-taxable returns, total.....	1.87	15.94	1.97	2.26	4.26	2.26	3.88	2.26	2.77	1.65	2.38	

Total itemized deductions--continued

Size of adjusted gross income	Taxes paid deduction--continued										Interest paid deduction	
	State and local income taxes		Real estate taxes		Personal property taxes		Other taxes		Total		Home mortgage interest	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
All returns, total.....	(60)	(61)	(62)	(63)	(64)	(65)	(66)	(67)	(68)	(69)	(70)	(71)
Under \$5,000.....	0.47	0.43	0.44	0.53	0.75	1.41	2.09	4.46	0.46	0.54	0.47	0.56
\$5,000 under \$10,000.....	10.08	17.67	6.67	10.15	10.25	20.76	28.34	38.18	7.15	9.50	7.24	9.54
\$10,000 under \$15,000.....	5.02	39.22	5.14	6.39	8.20	15.08	21.15	30.00	5.74	6.85	5.81	6.85
\$15,000 under \$20,000.....	4.19	18.46	4.18	5.13	6.19	12.82	17.83	78.43	4.65	5.27	4.72	5.32
\$20,000 under \$25,000.....	3.77	9.54	3.75	5.02	5.45	10.22	15.26	30.22	4.09	4.66	4.13	4.69
\$25,000 under \$30,000.....	3.41	5.69	3.50	4.42	4.85	8.95	13.30	45.26	3.71	4.18	3.73	4.19
\$30,000 under \$35,000.....	3.06	5.01	3.33	4.34	4.48	9.96	11.60	26.03	3.11	5.00	3.42	5.04
\$35,000 under \$40,000.....	2.95	3.49	2.93	3.56	4.08	7.77	11.22	19.73	3.54	3.13	3.37	3.55
\$40,000 under \$45,000.....	2.90	3.61	2.85	3.53	3.91	10.62	9.81	20.32	3.00	3.37	3.02	3.37
\$45,000 under \$50,000.....	2.93	4.92	2.86	3.41	4.09	8.84	10.14	24.66	2.93	3.33	2.94	3.32
\$50,000 under \$55,000.....	2.92	3.30	2.86	3.48	3.98	6.63	10.98	25.41	2.80	3.36	2.91	3.37
\$55,000 under \$60,000.....	2.95	3.42	2.88	3.45	4.02	7.89	10.16	21.69	2.81	3.40	2.82	3.40
\$60,000 under \$75,000.....	1.72	1.94	1.68	2.05	2.36	6.33	6.33	14.98	1.72	2.01	1.73	2.00
\$75,000 under \$100,000.....	1.33	1.52	1.27	1.72	1.99	3.27	5.39	14.23	1.30	1.61	1.31	1.61
\$100,000 under \$200,000.....	1.16	1.19	1.10	1.29	1.71	2.41	4.31	14.23	1.16	1.36	1.16	1.37
\$200,000 under \$500,000.....	1.12	1.29	1.08	1.26	1.75	2.54	3.61	8.92	1.17	1.42	1.20	1.42
\$500,000 under \$1,000,000.....	1.33	1.44	1.26	1.61	2.10	3.49	4.13	9.54	1.40	1.93	1.50	1.84
\$1,000,000 under \$1,500,000.....	1.57	1.76	1.53	1.87	2.50	4.79	4.65	10.80	1.68	2.54	1.83	2.23
\$1,500,000 under \$2,000,000.....	1.37	1.79	1.34	1.88	2.27	5.37	4.36	12.12	1.49	2.70	1.66	2.15
\$2,000,000 under \$5,000,000.....	0.72	0.90	0.69	1.00	1.28	4.93	2.49	6.78	0.79	1.68	0.95	1.24
\$5,000,000 or more.....	0.75	0.73	0.73	0.81	1.17	2.30	1.96	6.96	0.79	1.27	0.98	1.17
Taxable returns, total.....	0.49	0.42	0.46	0.55	0.80	1.39	2.20	4.41	0.49	0.56	0.49	0.57
Non-taxable returns, total.....	2.04	5.09	1.75	2.25	2.58	6.48	6.85	20.38	1.82	2.23	1.83	2.28

Footnotes at end of table

**Table 2.1CV--Coefficient of Variation for Returns with Itemized Deductions: Sources of Income, Adjustments, Itemized Deductions by Type, Exemptions, and Tax Items, by Size of Adjusted Gross Income--Continued**  
(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	Total itemized deductions--continued												
	Home mortgage interest--continued			Interest paid deduction--continued		Deductible points		Investment interest expense deduction		Total		Contributions deduction	
	Paid to financial institutions		Paid to individuals	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(72)	(73)	(74)	(75)	(76)	(77)	(78)	(79)	(80)	(81)	(82)	(83)	
All returns, total.....	0.47	0.56	2.98	4.37	1.87	3.87	2.17	1.73	0.44	0.66	0.46	0.90	
Under \$5,000.....	7.27	9.56	33.90	46.64	25.56	40.46	24.49	31.48	7.16	9.44	7.40	11.03	
\$5,000 under \$10,000.....	5.88	6.91	32.24	54.55	22.59	39.55	22.59	31.04	5.65	6.16	5.86	9.46	
\$10,000 under \$15,000.....	4.76	5.35	25.89	32.13	19.49	31.04	19.65	28.40	4.21	4.32	4.32	7.52	
\$15,000 under \$20,000.....	4.16	4.72	21.68	30.43	14.64	27.73	19.68	28.40	3.80	5.42	3.91	6.33	
\$20,000 under \$25,000.....	3.75	4.20	22.43	37.81	13.37	25.61	22.13	32.37	3.46	5.22	3.56	5.35	
\$25,000 under \$30,000.....	3.45	5.12	18.66	23.21	14.97	28.47	21.17	36.30	3.29	4.90	3.40	5.35	
\$30,000 under \$35,000.....	3.16	3.59	15.68	20.56	11.20	22.65	17.77	25.74	3.00	4.44	3.10	4.82	
\$35,000 under \$40,000.....	3.04	3.40	17.32	23.52	10.19	18.54	17.39	31.96	2.89	4.32	2.99	4.77	
\$40,000 under \$45,000.....	2.96	3.34	13.37	21.60	9.92	16.14	16.14	21.07	2.84	4.40	2.95	5.95	
\$45,000 under \$50,000.....	2.94	3.41	13.59	20.14	10.55	20.21	15.78	24.58	2.88	4.37	2.94	4.65	
\$50,000 under \$55,000.....	2.94	3.41	14.36	22.12	10.29	20.67	17.23	30.89	2.88	4.67	2.97	4.90	
\$55,000 under \$60,000.....	2.97	3.47	14.54	20.83	10.23	24.25	16.68	23.46	2.89	4.60	2.97	5.66	
\$60,000 under \$75,000.....	1.74	2.02	8.28	12.04	5.49	12.38	9.42	18.63	1.69	2.71	1.74	2.96	
\$75,000 under \$100,000.....	1.33	1.63	7.59	11.16	4.54	8.80	7.62	14.61	1.26	2.29	1.31	3.61	
\$100,000 under \$200,000.....	1.17	1.38	5.88	10.08	3.52	6.94	4.26	8.38	1.09	1.80	1.11	2.01	
\$200,000 under \$500,000.....	1.21	1.43	5.68	8.38	3.33	6.85	2.80	6.60	1.07	2.10	1.08	2.87	
\$500,000 under \$1,000,000.....	1.52	1.85	6.72	11.29	3.96	9.21	2.31	2.47	1.25	2.47	1.26	3.15	
\$1,000,000 under \$1,500,000.....	1.85	2.25	8.02	14.00	4.60	9.83	2.34	5.57	1.51	3.34	1.51	3.34	
\$1,500,000 under \$2,000,000.....	1.68	2.18	7.50	12.34	4.55	9.81	2.11	3.11	1.32	3.11	1.32	3.93	
\$2,000,000 under \$5,000,000.....	0.96	1.24	4.56	7.21	2.85	6.09	1.02	2.69	0.68	1.58	0.68	2.19	
\$5,000,000 under \$10,000,000.....	0.99	1.20	4.55	4.89	2.66	5.37	0.88	1.52	0.72	1.05	0.73	1.39	
\$10,000,000 or more.....	0.50	0.58	3.13	4.61	1.96	3.99	2.27	1.86	0.46	0.68	0.46	0.95	
<b>Taxable returns, total.....</b>	<b>1.84</b>	<b>2.30</b>	<b>10.08</b>	<b>13.94</b>	<b>6.32</b>	<b>13.04</b>	<b>7.47</b>	<b>4.66</b>	<b>1.83</b>	<b>2.85</b>	<b>1.89</b>	<b>3.21</b>	
<b>Nontaxable returns, total.....</b>	<b>1.84</b>	<b>2.30</b>	<b>10.08</b>	<b>13.94</b>	<b>6.32</b>	<b>13.04</b>	<b>7.47</b>	<b>4.66</b>	<b>1.83</b>	<b>2.85</b>	<b>1.89</b>	<b>3.21</b>	

Size of adjusted gross income	Total itemized deductions--continued											
	Contributions deduction--continued		Casualty or theft loss deduction		Total after limitation		Unreimbursed employee business expense		Tax preparation fees			
	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns		
	(84)	(85)	(86)	(87)	(88)	(89)	(90)	(91)	(92)	(93)	(94)	(95)
All returns, total.....	0.65	2.40	4.92	10.34	12.77	17.83	1.09	1.47	0.94	1.49	0.86	1.23
Under \$5,000.....	11.93	21.37	17.53	76.24	84.04	99.65	9.00	20.61	20.33	36.95	11.04	12.21
\$5,000 under \$10,000.....	8.83	15.84	16.78	83.41	61.73	85.11	8.26	18.37	15.32	21.92	8.10	13.83
\$10,000 under \$15,000.....	6.74	10.60	17.54	27.75	46.62	11.91	7.46	11.91	9.89	14.76	6.52	17.22
\$15,000 under \$20,000.....	5.60	8.17	18.83	37.47	72.45	64.12	6.56	9.72	7.85	11.41	5.86	14.63
\$20,000 under \$25,000.....	4.73	16.38	20.71	45.16	42.66	54.61	5.84	8.58	6.41	9.28	5.18	7.20
\$25,000 under \$30,000.....	4.45	8.97	19.97	60.91	99.97	99.97	5.35	7.66	5.50	7.86	4.81	5.93
\$30,000 under \$35,000.....	4.01	7.28	25.13	27.30	49.89	58.32	4.97	7.21	4.78	7.25	4.37	5.64
\$35,000 under \$40,000.....	3.86	7.88	27.17	59.96	64.88	74.88	4.82	7.01	4.58	7.01	4.32	5.40
\$40,000 under \$45,000.....	3.67	7.52	29.76	61.35	63.78	89.35	4.95	7.19	4.47	7.01	4.20	5.68
\$45,000 under \$50,000.....	3.78	6.12	34.39	60.95	47.08	65.42	5.12	7.45	4.58	7.40	4.36	5.47
\$50,000 under \$55,000.....	3.73	20.45	26.55	43.87	99.98	99.98	5.03	6.99	4.34	6.99	4.34	5.43
\$55,000 under \$60,000.....	3.78	11.00	25.28	51.06	50.36	50.32	5.20	7.31	4.58	6.95	4.27	5.39
\$60,000 under \$75,000.....	2.18	5.86	19.46	26.90	37.17	50.20	3.29	4.26	2.71	4.55	2.66	3.44
\$75,000 under \$100,000.....	1.70	14.90	19.57	39.11	99.75	99.14	2.97	4.26	2.31	3.79	2.33	3.74
\$100,000 under \$200,000.....	1.42	4.82	13.35	38.44	28.39	35.41	2.63	3.33	2.13	3.14	2.01	3.16
\$200,000 under \$500,000.....	1.48	10.38	9.44	32.94	29.28	20.40	2.88	3.86	2.07	2.63	1.97	3.47
\$500,000 under \$1,000,000.....	1.88	8.32	6.97	21.44	54.61	46.33	3.75	5.24	4.01	7.01	2.31	3.36
\$1,000,000 under \$1,500,000.....	2.21	8.74	8.25	13.64	**75.20	**	3.96	5.12	5.37	13.35	2.68	4.45
\$1,500,000 under \$2,000,000.....	2.00	11.16	7.25	20.47	37.54	7.75	3.93	5.83	5.14	11.46	2.40	10.51
\$2,000,000 under \$5,000,000.....	1.14	4.83	3.41	14.65	**0.00	**	2.14	2.75	3.04	6.44	1.34	2.68
\$5,000,000 under \$10,000,000.....	1.09	1.97	2.34	6.73	**0.00	**	1.68	1.87	3.04	3.88	1.21	1.15
\$10,000,000 or more.....	0.68	2.51	6.48	8.78	15.43	19.76	1.19	1.54	0.98	1.54	0.91	1.23
<b>Taxable returns, total.....</b>	<b>2.62</b>	<b>7.12</b>	<b>7.57</b>	<b>39.68</b>	<b>22.76</b>	<b>25.26</b>	<b>2.94</b>	<b>4.88</b>	<b>3.52</b>	<b>5.62</b>	<b>2.79</b>	<b>5.11</b>

Footnotes at end of table



**Table 2.1CV--Coefficient of Variation for Returns with Itemized Deductions: Sources of Income, Adjustments, Itemized Deductions by Type, Exemptions, and Tax Items, by Size of Adjusted Gross Income--Continued**  
(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	Total itemized deductions--continued										Total unlimited miscellaneous deduction		Exemptions	
	Limited miscellaneous deductions--continued					Miscellaneous deductions other than gambling					Total unlimited miscellaneous deduction		Exemptions	
	Gambling loss deduction		Other limited miscellaneous deductions		Miscellaneous deductions subject to 2% AGI limitation		Miscellaneous deductions other than gambling		Total unlimited miscellaneous deduction		Exemptions			
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
<b>All returns, total.....</b>	<b>3.68</b>	<b>4.10</b>	<b>0.95</b>	<b>1.65</b>	<b>0.60</b>	<b>1.16</b>	<b>6.72</b>	<b>10.48</b>	<b>3.25</b>	<b>3.81</b>	<b>0.47</b>	<b>0.49</b>		
Under \$5,000.....	47.25	46.49	10.37	20.71	8.52	19.99	63.57	90.69	40.51	73.44	6.76	6.76		
\$5,000 under \$10,000.....	29.29	33.45	9.06	24.16	6.75	15.00	27.10	32.04	22.52	32.04	5.16	5.16		
\$10,000 under \$15,000.....	27.23	29.72	7.74	18.01	5.32	11.01	38.44	29.35	22.58	29.35	4.10	4.10		
\$15,000 under \$20,000.....	20.54	26.89	6.85	13.62	4.69	8.99	37.29	58.76	18.66	25.02	3.67	3.67		
\$20,000 under \$25,000.....	20.53	24.73	6.48	15.22	4.23	7.87	36.88	60.75	18.21	23.08	3.49	3.49		
\$25,000 under \$30,000.....	20.51	26.29	5.95	15.91	3.85	4.32	26.94	43.74	17.15	23.08	3.35	3.35		
\$30,000 under \$35,000.....	18.97	21.42	5.77	13.10	3.50	6.55	29.49	63.42	16.35	21.69	3.10	3.10		
\$35,000 under \$40,000.....	16.57	19.99	5.44	12.54	3.40	6.41	28.38	43.16	14.52	18.40	3.11	3.11		
\$40,000 under \$45,000.....	17.25	20.79	5.27	12.83	3.33	6.36	27.02	39.59	15.03	18.92	3.08	3.08		
\$45,000 under \$50,000.....	15.86	18.43	5.39	12.40	3.42	6.48	23.80	64.23	13.35	22.35	3.06	3.06		
\$50,000 under \$55,000.....	18.39	28.59	5.40	11.99	3.46	6.08	40.61	47.23	15.80	27.66	3.04	3.04		
\$55,000 under \$60,000.....	17.43	23.35	5.41	11.93	3.46	6.29	33.02	43.51	15.80	22.32	3.14	3.14		
\$60,000 under \$75,000.....	10.64	13.81	3.04	7.50	2.02	3.98	19.62	31.38	9.38	12.61	1.83	1.83		
\$75,000 under \$100,000.....	9.46	14.31	2.54	6.97	1.64	3.34	24.89	39.68	8.85	13.89	1.40	1.40		
\$100,000 under \$200,000.....	7.90	11.01	1.94	4.32	1.42	2.58	13.96	20.93	6.92	10.07	1.19	1.20		
\$200,000 under \$500,000.....	7.85	12.01	1.82	4.01	1.45	2.77	13.82	32.79	6.83	11.17	1.18	1.86		
\$500,000 under \$1,000,000.....	8.53	14.52	1.90	4.16	1.65	3.44	12.13	18.54	6.97	13.37	1.42	(*)		
\$1,000,000 under \$1,500,000.....	9.12	20.38	2.03	3.45	1.86	3.41	14.57	59.39	7.74	19.04	1.73	(*)		
\$1,500,000 under \$2,000,000.....	8.32	16.42	1.80	4.29	1.66	3.97	12.01	9.90	6.87	15.73	1.51	(*)		
\$2,000,000 under \$5,000,000.....	4.86	9.35	0.89	1.92	0.81	1.81	6.84	24.12	3.95	8.82	0.81	(*)		
\$5,000,000 under \$10,000,000.....	4.89	11.97	0.83	1.32	0.80	1.24	5.40	20.57	3.67	10.99	0.82	(*)		
\$10,000,000 or more.....	--	--	--	--	--	--	--	--	--	--	--	(*)		
<b>Taxable returns, total.....</b>	<b>3.86</b>	<b>4.41</b>	<b>1.01</b>	<b>1.65</b>	<b>0.63</b>	<b>1.20</b>	<b>7.18</b>	<b>10.48</b>	<b>3.42</b>	<b>4.12</b>	<b>0.49</b>	<b>0.51</b>		
<b>Nontaxable returns, total.....</b>	<b>11.75</b>	<b>10.93</b>	<b>3.18</b>	<b>6.93</b>	<b>2.22</b>	<b>4.50</b>	<b>19.13</b>	<b>30.61</b>	<b>10.33</b>	<b>10.07</b>	<b>1.88</b>	<b>1.88</b>		
Size of adjusted gross income	Taxable income		Alternative minimum tax		Income tax before credits		Total tax credits		Income tax after credits		Total income tax			
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount		
<b>All returns, total.....</b>	<b>0.41</b>	<b>0.28</b>	<b>1.16</b>	<b>1.49</b>	<b>0.41</b>	<b>0.28</b>	<b>0.80</b>	<b>1.08</b>	<b>0.42</b>	<b>0.29</b>	<b>0.42</b>	<b>0.29</b>		
Under \$5,000.....	43.86	70.55	41.98	54.84	44.98	40.91	96.98	70.05	46.77	41.70	46.77	41.70		
\$5,000 under \$10,000.....	18.23	25.62	90.07	29.46	18.39	25.10	28.35	45.68	22.52	28.34	22.52	28.34		
\$10,000 under \$15,000.....	6.10	7.33	72.92	95.02	6.09	7.74	14.16	20.26	6.38	8.08	6.38	8.08		
\$15,000 under \$20,000.....	4.47	5.28	87.73	62.56	4.47	5.49	8.49	12.81	4.86	5.88	4.86	5.88		
\$20,000 under \$25,000.....	3.64	4.26	83.69	92.29	3.64	4.49	6.08	8.71	4.07	4.94	4.07	4.94		
\$25,000 under \$30,000.....	3.14	3.58	89.60	83.59	3.14	3.74	5.07	6.44	3.61	4.24	3.61	4.24		
\$30,000 under \$35,000.....	2.82	3.12	57.56	53.48	2.82	3.26	4.50	5.69	3.12	3.60	3.12	3.60		
\$35,000 under \$40,000.....	2.71	2.94	58.55	51.25	2.71	3.04	4.25	5.29	2.93	3.31	2.93	3.31		
\$40,000 under \$45,000.....	2.66	2.84	56.45	51.46	2.66	2.97	4.12	4.91	2.83	3.24	2.83	3.24		
\$45,000 under \$50,000.....	2.67	2.83	32.41	58.81	2.67	2.97	3.93	4.66	2.80	3.20	2.80	3.20		
\$50,000 under \$55,000.....	2.68	2.80	32.14	38.50	2.68	2.93	4.19	5.01	2.76	3.11	2.76	3.11		
\$55,000 under \$60,000.....	2.72	2.83	27.19	40.59	2.72	2.96	4.17	4.91	2.77	3.14	2.77	3.14		
\$60,000 under \$75,000.....	1.59	1.64	13.51	17.74	1.59	1.71	2.37	2.84	1.60	1.79	1.60	1.79		
\$75,000 under \$100,000.....	1.19	1.23	9.32	13.73	1.19	1.29	1.91	2.46	1.19	1.34	1.19	1.34		
\$100,000 under \$200,000.....	1.05	0.98	2.43	4.94	1.05	0.97	1.95	3.49	1.05	0.98	1.05	0.98		
\$200,000 under \$500,000.....	1.04	1.11	1.27	1.90	1.04	0.93	1.04	0.94	1.04	0.94	1.04	0.94		
\$500,000 under \$1,000,000.....	1.23	1.11	2.61	4.37	1.23	1.12	1.76	7.79	1.23	1.13	1.23	1.13		
\$1,000,000 under \$1,500,000.....	1.49	1.41	3.33	4.67	1.49	1.45	1.99	6.52	1.49	1.46	1.49	1.46		
\$1,500,000 under \$2,000,000.....	1.30	1.33	3.35	5.73	1.30	1.36	1.73	7.45	1.30	1.37	1.30	1.37		
\$2,000,000 under \$5,000,000.....	0.67	0.59	1.88	3.32	0.67	0.62	0.85	3.81	0.67	0.63	0.67	0.63		
\$5,000,000 under \$10,000,000.....	0.72	0.59	1.60	2.08	0.72	0.62	0.84	2.38	0.72	0.63	0.72	0.63		
\$10,000,000 or more.....	--	--	--	--	--	--	--	--	--	--	--	--		
<b>Taxable returns, total.....</b>	<b>0.42</b>	<b>0.28</b>	<b>1.16</b>	<b>1.49</b>	<b>0.42</b>	<b>0.28</b>	<b>0.85</b>	<b>1.13</b>	<b>0.42</b>	<b>0.29</b>	<b>0.42</b>	<b>0.29</b>		
<b>Nontaxable returns, total.....</b>	<b>2.68</b>	<b>3.56</b>	<b>36.02</b>	<b>40.53</b>	<b>2.68</b>	<b>4.00</b>	<b>2.68</b>	<b>4.00</b>	<b>2.68</b>	<b>4.00</b>	<b>2.68</b>	<b>4.00</b>		

(\*) No exemption allowed at these income levels.  
\*\* Data combined to avoid disclosure of information for specific taxpayers.

**Table 2.2 -- Returns with Itemized Deductions: Sources of Income, Adjustments, Deductions, Credits, and Tax Items, by Marital Status**

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Item	All returns		Joint returns of married persons		Separate returns of married persons	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
Adjusted gross income less deficit.....	43,949,591	4,103,653,368	26,361,452	3,077,737,246	1,029,303	73,104,143
Salaries and wages.....	38,137,291	2,929,243,809	23,911,648	2,208,071,346	882,137	45,159,357
Taxable interest.....	30,608,575	81,205,251	20,197,217	54,954,560	521,264	2,146,313
Tax-exempt interest.....	2,993,754	44,442,758	1,876,244	28,304,261	40,326	1,138,667
Ordinary dividends.....	17,324,175	89,676,475	11,655,895	58,864,077	262,331	2,244,571
Qualified dividends.....	13,123,186	65,865,946	8,858,577	43,415,902	205,034	1,554,963
State income tax refunds.....	21,839,428	21,799,455	14,254,610	16,016,469	446,032	365,100
Alimony received.....	231,860	4,757,448	11,891	181,336	*2,880	*76,282
Business or profession:						
Net income.....	6,326,927	181,871,155	4,780,070	142,194,047	97,302	3,446,222
Net loss.....	2,740,512	20,552,608	1,959,826	15,208,910	54,601	431,647
Sales of capital assets:						
Net gain in AGI.....	5,754,742	267,266,527	3,878,974	204,772,431	90,139	9,307,098
Net loss in AGI.....	7,819,713	18,144,487	5,239,840	12,274,149	124,783	144,835
Sales of property other than capital assets.....	1,047,243	681,855	791,209	675,897	13,470	796
Taxable IRA distributions.....	3,716,656	54,494,870	2,378,212	38,294,532	44,029	506,363
Taxable pensions and annuities.....	9,534,629	186,971,581	5,914,114	126,802,550	160,516	3,369,277
Rent and royalty:						
Net income.....	3,116,305	49,526,208	2,199,819	36,969,619	40,396	835,747
Net loss.....	3,224,685	29,324,803	2,273,095	21,177,304	31,478	329,096
Farm rental income less loss.....	243,074	1,400,257	159,066	755,855	1,999	27,477
Partnership and S Corporation net income less loss.....	4,839,302	261,153,751	3,664,686	215,861,132	86,396	5,680,790
Estate and trust net income less loss.....	342,324	11,122,920	171,741	5,596,448	5,802	457,656
Farm net income less loss.....	662,324	-5,891,505	552,744	-4,943,686	8,158	-118,466
Unemployment compensation.....	3,341,012	16,998,453	2,311,722	11,639,905	56,769	305,301
Taxable social security benefits.....	5,310,416	56,164,184	3,378,236	40,546,003	82,199	792,609
Other income less loss.....	2,992,909	17,200,855	2,180,116	12,395,110	40,170	322,700
Total statutory adjustments.....	14,505,736	61,619,185	10,549,562	46,669,781	201,085	1,067,402
IRA payments.....	1,789,271	5,652,885	1,275,855	4,447,084	19,740	46,656
Student loan interest deduction.....	3,023,806	2,014,292	2,257,082	1,572,060	—	—
Educator expenses deduction.....	2,097,528	530,324	1,589,165	412,702	40,896	9,254
Tuition and fees deduction.....	1,943,854	3,810,009	1,488,324	2,993,230	—	—
Payments to a Keogh plan.....	1,006,229	16,199,379	789,266	12,836,517	8,988	191,137
Deduction for self-employment tax.....	6,974,438	13,010,290	5,345,212	10,294,086	112,066	217,104
Self-employed health insurance deduction.....	2,391,991	11,729,322	1,703,200	9,497,824	26,962	128,260
Moving expenses adjustment.....	497,134	1,576,635	308,024	1,093,616	12,914	38,070
Medical savings account deduction.....	43,928	93,576	32,712	77,763	*11	*39
Certain business expenses of reservist, performing artists, etc.....	*5,310	*22,583	*1,054	*2,853	—	—
Total itemized deductions.....	43,949,591	901,864,834	26,361,452	630,665,399	1,029,303	15,689,174
Medical and dental expenses deduction.....	8,678,320	56,007,076	4,575,003	27,796,349	171,280	720,898
Taxes paid deduction.....	43,061,888	310,896,704	26,146,326	229,615,321	996,389	5,319,191
Interest paid deduction.....	36,211,578	340,319,125	23,757,552	246,949,442	708,122	5,716,176
Contributions deduction.....	38,626,902	145,702,137	24,293,759	107,330,409	791,059	2,811,882
Casualty or theft loss deduction.....	89,781	1,604,516	39,952	1,000,091	968	129,239
Total miscellaneous deductions.....	12,494,621	76,282,323	6,650,249	42,371,386	289,915	1,788,172
Taxable income.....	40,831,623	2,921,547,560	24,914,632	2,221,843,847	979,006	53,824,686
Alternative minimum tax.....	2,255,200	9,005,955	1,734,501	7,020,025	86,335	267,985
Total tax credits.....	17,740,502	22,441,609	13,410,024	18,180,179	245,484	407,134
Child care credit.....	3,546,651	1,783,393	2,850,282	1,399,364	23,265	13,486
Credit for the elderly or disabled.....	14,605	3,047	*2,002	*184	*1,990	*450
Child tax credit.....	11,888,779	11,952,308	9,692,403	10,256,372	163,447	131,746
Education credit.....	2,930,192	2,533,470	2,178,770	1,960,275	—	—
Retirement savings contribution credit.....	1,259,443	214,760	801,904	154,371	17,470	2,510
Foreign tax credit.....	2,873,785	3,932,347	1,967,830	2,842,043	48,105	197,191
Eamed income credit used to offset income tax before credits.....	220,861	64,328	26,999	4,370	—	—
Minimum tax credit.....	227,768	785,548	170,599	659,705	6,069	13,247
General business credit.....	195,105	518,732	144,177	408,998	3,305	11,467
Empowerment zone and renewal community employment credit.....	17,228	64,328	13,186	48,414	90	701
Nonconventional source fuel credit.....	4,457	17,110	3,399	16,690	*25	*75
New York liberty zone credit.....	2,648	55,112	2,261	47,456	24	223
Income tax after credits.....	38,696,168	577,699,966	23,673,029	443,084,284	941,827	11,618,704
Total income tax.....	38,696,170	577,707,176	23,673,029	443,086,047	941,829	11,624,152
Total tax liability.....	39,702,493	605,882,966	24,320,482	464,950,570	961,558	12,104,485
Total tax payments.....	42,331,166	691,770,624	25,723,257	520,949,785	984,618	13,157,878
Income tax withheld.....	39,930,291	498,976,331	24,665,708	372,201,164	914,235	7,713,342
Estimated tax payments.....	6,470,859	156,152,537	4,174,592	120,175,650	117,546	4,006,555
Overpayment refunded.....	32,595,381	110,234,312	19,104,362	73,331,249	659,060	1,547,985
Tax due at time of filing.....	8,660,660	52,167,597	5,714,211	39,486,459	324,394	1,435,597

Footnotes at end of table.

**Table 2.2 -- Returns with Itemized Deductions: Sources of Income, Adjustments, Deductions, Credits, and Tax Items, by Marital Status--Continued**

(All figures are estimates based on samples--money amounts are in thousands of dollars)

Item	Returns of heads of households		Returns of surviving spouses		Returns of single persons	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(7)	(8)	(9)	(10)	(11)	(12)
Adjusted gross income less deficit.....	3,984,708	216,136,370	31,873	2,188,655	12,542,255	734,486,955
Salaries and wages.....	3,730,814	181,955,623	27,186	1,272,474	9,585,507	492,785,010
Taxable interest.....	1,801,529	1,912,311	26,662	98,444	8,061,903	22,093,624
Tax-exempt interest.....	76,835	595,738	1,713	35,188	998,636	14,368,905
Ordinary dividends.....	765,560	1,983,214	16,373	96,537	4,624,017	26,488,075
Qualified dividends.....	498,566	1,248,463	15,340	55,037	3,545,669	19,591,581
State income tax refunds.....	1,849,642	1,478,393	17,449	17,078	5,271,695	3,922,416
Alimony received.....	92,515	1,936,518	--	--	124,574	2,563,312
Business or profession:						
Net income.....	355,641	8,111,161	*221	*50,557	1,093,692	28,069,168
Net loss.....	214,247	1,580,417	*981	*1,147	510,857	3,330,487
Sales of capital assets:						
Net gain in AGI.....	213,000	5,247,653	5,646	72,442	1,566,983	47,868,903
Net loss in AGI.....	316,166	704,798	11,084	31,272	2,127,840	4,989,433
Sales of property other than capital assets.....	30,201	-13,638	520	-130	211,842	18,930
Taxable IRA distributions.....	137,556	1,806,621	*12	*525	1,156,846	13,886,828
Taxable pensions and annuities.....	513,425	6,775,253	9,360	193,761	2,937,215	49,830,740
Rent and royalty:						
Net income.....	113,529	1,326,689	2,369	9,777	760,192	10,384,374
Net loss.....	219,014	2,173,866	1,623	9,011	699,476	5,635,527
Farm rental income less loss.....	4,020	57,752	*10	*435	77,979	558,737
Partnership and S Corporation net income less loss.....	152,863	6,959,015	2,832	126,809	932,526	32,526,006
Estate and trust net income less loss.....	8,904	489,042	67	54,940	155,810	4,524,833
Farm net income less loss.....	16,359	-117,722	*444	*-16,737	84,619	-694,894
Unemployment compensation.....	260,903	1,435,076	*952	*1,695	710,666	3,616,477
Taxable social security benefits.....	114,417	918,009	10,817	54,166	1,724,747	13,853,397
Other income less loss.....	158,356	690,943	3,375	211,974	610,892	3,580,128
Total statutory adjustments.....	1,025,174	3,332,270	9,911	17,872	2,720,003	10,531,861
IRA payments.....	116,237	240,127	*978	*3,422	376,461	915,596
Student loan interest deduction.....	238,816	135,940	*2,023	*427	525,885	305,864
Educator expenses deduction.....	150,679	34,805	*3,021	*278	313,768	73,286
Tuition and fees deduction.....	209,482	420,900	--	--	246,049	395,879
Payments to a Keogh plan.....	28,837	538,363	*208	*5,856	178,929	2,627,505
Deduction for self-employment tax.....	347,664	536,381	1,518	2,343	1,167,977	1,960,376
Self-employed health insurance deduction.....	119,562	484,312	617	5,540	541,650	1,613,386
Moving expenses adjustment.....	28,078	74,004	--	--	148,118	370,944
Medical savings account deduction.....	*1,187	*2,779	--	--	10,018	12,995
Certain business expenses of reservist, performing artists, etc.....	*4,047	*19,578	--	--	*209	*151
Total itemized deductions.....	3,984,708	63,175,015	31,873	695,327	12,542,255	191,639,919
Medical and dental expenses deduction.....	784,397	2,631,545	8,922	40,479	3,138,718	24,817,804
Taxes paid deduction.....	3,901,908	17,715,208	31,471	209,775	11,985,795	58,037,209
Interest paid deduction.....	3,367,581	27,407,723	29,125	323,297	8,349,198	59,922,487
Contributions deduction.....	3,406,457	7,908,204	31,831	75,729	10,103,795	27,575,913
Casualty or theft loss deduction.....	12,826	65,460	--	--	36,036	409,727
Total miscellaneous deductions.....	1,497,691	7,984,520	8,157	61,765	4,048,610	24,076,480
Taxable income.....	3,633,086	127,201,985	25,271	1,272,700	11,279,628	517,404,343
Alternative minimum tax.....	172,239	441,161	1,397	6,911	260,728	1,269,874
Total tax credits.....	2,373,739	2,244,033	17,271	20,452	1,693,983	1,589,811
Child care credit.....	638,036	355,404	5,900	1,269	29,168	13,869
Credit for the elderly or disabled.....	--	--	--	--	*10,614	*2,413
Child tax credit.....	1,840,032	1,401,525	13,854	13,423	179,043	149,242
Education credit.....	315,575	229,888	*2,806	*1,237	433,041	342,070
Retirement savings contribution credit.....	258,255	33,747	--	--	181,815	24,131
Foreign tax credit.....	71,524	96,594	924	1,243	785,402	795,277
Eamed income credit used to offset income						
tax before credits.....	167,442	56,535	*1,990	*346	24,430	3,077
Minimum tax credit.....	7,412	8,678	*43	*69	43,645	103,849
General business credit.....	1,258	6,409	*273	*372	46,092	91,486
Empowerment zone and renewal community employment credit.....	1,172	1,724	*42	*2,493	2,739	10,996
Nonconventional source fuel credit.....	*12	*15	--	--	1,021	30
New York liberty zone credit.....	*252	*2,992	--	--	112	4,442
Income tax after credits.....	2,931,226	20,348,082	22,047	244,400	11,128,038	102,404,495
Total income tax.....	2,931,226	20,348,082	22,047	244,400	11,128,038	102,404,495
Total tax liability.....	3,000,674	21,522,648	24,647	250,545	11,395,133	107,054,718
Total tax payments.....	3,844,266	31,006,443	29,683	382,870	11,749,343	126,273,648
Income tax withheld.....	3,734,808	26,419,212	28,970	247,792	10,586,570	92,394,821
Estimated tax payments.....	197,027	3,668,494	2,672	95,686	1,979,022	28,206,151
Overpayment refunded.....	3,537,936	11,903,926	28,373	129,669	9,265,650	23,321,483
Tax due at time of filing.....	384,766	1,696,184	2,226	11,003	2,235,062	9,538,354

\* Estimate should be used with caution due to the small number of sample returns on which it is based.

NOTE: Detail may not add to totals because of rounding.

Table 2.3--All Returns: Exemptions by Type and Number of Exemptions, by Size of Adjusted Gross Income

(All figures are estimates based on samples--money amounts are in thousands of dollars)

Size of adjusted gross income	Number of returns	Number of exemptions	Number of exemptions for taxpayers	Exemptions for dependents				
				Total				
				Number of returns	Number of exemptions	Adjusted gross income less deficit	Total income tax	
							Number of returns	Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
<b>All returns, total</b> .....	<b>130,423,626</b>	<b>261,126,373</b>	<b>172,284,599</b>	<b>48,944,202</b>	<b>88,841,774</b>	<b>2,912,175,070</b>	<b>27,437,147</b>	<b>322,831,218</b>
Under \$5,000.....	13,511,468	12,213,942	8,922,562	1,881,076	3,291,380	-22,638,893	1,342	24,678
\$5,000 under \$10,000.....	12,503,409	16,174,264	11,330,116	3,074,849	4,844,148	23,303,690	55	343
\$10,000 under \$15,000.....	12,002,004	20,250,127	13,301,941	4,020,951	6,948,186	50,038,647	77,525	13,585
\$15,000 under \$20,000.....	11,293,967	20,924,973	13,625,872	4,203,822	7,299,102	73,425,306	314,133	118,649
\$20,000 under \$25,000.....	9,831,151	19,028,170	12,291,990	3,828,418	6,736,180	85,813,008	435,421	286,456
\$25,000 under \$30,000.....	8,541,753	17,345,037	11,105,572	3,404,121	6,239,465	93,474,965	1,164,424	1,029,673
\$30,000 under \$35,000.....	7,461,613	15,025,785	9,978,671	2,805,400	5,047,114	91,053,423	1,545,203	1,857,778
\$35,000 under \$40,000.....	6,495,645	13,536,366	8,968,518	2,426,642	4,567,848	90,912,513	1,702,141	2,617,355
\$40,000 under \$45,000.....	5,624,182	12,470,300	8,190,279	2,252,583	4,280,021	95,707,231	1,789,113	3,428,114
\$45,000 under \$50,000.....	4,828,263	11,093,874	7,296,382	2,072,773	3,797,492	98,292,942	1,806,412	4,275,011
\$50,000 under \$55,000.....	4,244,434	9,823,673	6,617,776	1,800,555	3,205,897	94,568,918	1,668,814	4,856,210
\$55,000 under \$60,000.....	3,949,574	9,589,664	6,366,780	1,759,341	3,222,883	101,139,942	1,680,188	5,749,345
\$60,000 under \$75,000.....	9,178,485	23,750,594	15,735,773	4,324,851	8,014,821	290,510,759	4,219,626	19,321,721
\$75,000 under \$100,000.....	9,542,599	26,697,920	17,330,748	4,927,021	9,367,172	425,157,974	4,880,544	35,783,640
\$100,000 under \$200,000.....	8,878,643	25,723,994	16,514,467	4,803,153	9,209,527	635,050,145	4,794,660	82,093,306
\$200,000 under \$500,000.....	1,999,016	5,909,596	3,716,133	1,088,904	2,193,462	312,522,426	1,088,016	65,387,609
\$500,000 under \$1,000,000.....	356,140	1,045,811	658,949	182,658	386,862	123,524,486	182,517	31,783,480
\$1,000,000 under \$1,500,000.....	81,695	235,774	149,606	39,756	86,168	48,170,361	39,728	12,963,131
\$1,500,000 under \$2,000,000.....	34,017	99,071	62,776	16,496	36,295	28,313,392	16,480	7,685,695
\$2,000,000 under \$5,000,000.....	48,278	138,499	88,398	22,939	50,101	67,258,470	22,922	18,084,915
\$5,000,000 under \$10,000,000.....	11,168	31,634	20,260	5,122	11,375	34,884,325	5,119	9,153,533
\$10,000,000 or more.....	6,126	17,308	11,032	2,773	6,276	71,691,040	2,767	16,316,994
<b>Taxable returns, total</b> .....	<b>88,921,904</b>	<b>171,517,325</b>	<b>124,104,554</b>	<b>27,437,147</b>	<b>47,412,771</b>	<b>2,532,673,892</b>	<b>27,437,147</b>	<b>322,831,218</b>
<b>Nontaxable returns, total</b> .....	<b>41,501,722</b>	<b>89,609,048</b>	<b>48,180,045</b>	<b>21,507,055</b>	<b>41,429,003</b>	<b>379,501,178</b>	<b>--</b>	<b>--</b>

Size of adjusted gross income	Exemptions for dependents--continued									
	Exemptions for children at home					Exemptions for children away from home				
	Number of returns	Number of exemptions	Adjusted gross income less deficit	Total income tax		Number of returns	Number of exemptions	Adjusted gross income less deficit	Total income tax	
				Number of returns	Amount				Number of returns	Amount
(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	
<b>All returns, total</b> .....	<b>44,895,002</b>	<b>79,676,168</b>	<b>2,760,136,328</b>	<b>25,065,503</b>	<b>309,331,385</b>	<b>737,774</b>	<b>947,042</b>	<b>49,135,841</b>	<b>573,179</b>	<b>6,174,126</b>
Under \$5,000.....	1,708,282	2,915,333	-22,316,701	1,304	24,413	15,240	22,598	-459,314	37	260
\$5,000 under \$10,000.....	2,762,223	4,251,564	20,937,403	48	317	15,076	20,010	106,698	--	--
\$10,000 under \$15,000.....	3,552,750	6,027,215	44,210,519	33,973	8,384	15,775	19,921	196,210	--	--
\$15,000 under \$20,000.....	3,627,974	6,157,961	63,399,632	104,988	38,711	48,565	64,393	830,297	11,888	2,237
\$20,000 under \$25,000.....	3,353,672	5,637,025	75,160,383	210,097	111,842	52,917	60,124	1,188,615	26,126	20,626
\$25,000 under \$30,000.....	3,036,763	5,429,550	83,406,555	894,851	701,178	66,580	89,280	1,820,934	42,785	45,102
\$30,000 under \$35,000.....	2,543,452	4,400,996	82,530,024	1,314,093	1,480,592	57,695	73,885	1,861,023	44,945	61,634
\$35,000 under \$40,000.....	2,181,522	3,918,429	81,763,832	1,468,107	2,118,680	42,400	57,123	1,580,562	35,986	74,730
\$40,000 under \$45,000.....	2,051,795	3,745,925	87,141,641	1,595,434	2,852,954	61,969	80,912	2,624,398	53,972	150,801
\$45,000 under \$50,000.....	1,944,607	3,478,301	92,214,103	1,679,179	3,848,830	41,084	56,356	1,957,831	39,057	117,543
\$50,000 under \$55,000.....	1,677,943	2,921,898	88,149,027	1,547,300	4,342,435	29,049	43,594	1,516,431	27,855	101,854
\$55,000 under \$60,000.....	1,664,287	2,977,031	95,674,135	1,585,509	5,298,034	25,874	32,942	1,473,183	25,862	119,978
\$60,000 under \$75,000.....	4,101,032	7,493,023	275,724,841	3,996,745	17,878,240	80,477	93,618	5,356,615	80,128	509,298
\$75,000 under \$100,000.....	4,736,105	8,871,311	408,685,003	4,690,815	33,944,963	66,607	81,910	5,843,709	66,443	634,442
\$100,000 under \$200,000.....	4,626,437	8,767,840	611,575,169	4,617,960	78,632,273	95,245	120,843	13,188,686	94,889	1,984,019
\$200,000 under \$500,000.....	1,061,579	2,117,999	304,979,723	1,060,727	63,805,984	19,926	24,816	5,478,204	19,914	1,157,960
\$500,000 under \$1,000,000.....	179,128	378,457	121,205,070	178,991	31,209,347	2,174	2,981	1,458,496	2,173	388,733
\$1,000,000 under \$1,500,000.....	38,937	84,082	47,185,695	38,909	12,701,742	548	888	654,569	548	176,523
\$1,500,000 under \$2,000,000.....	16,202	35,616	27,807,150	16,186	7,552,281	214	332	369,143	214	112,356
\$2,000,000 under \$5,000,000.....	22,561	49,274	66,158,174	22,544	17,789,451	264	371	756,477	264	200,973
\$5,000,000 under \$10,000,000.....	5,027	11,183	34,248,007	5,024	8,982,495	57	83	372,700	57	98,420
\$10,000,000 or more.....	2,726	6,156	70,296,944	2,720	16,008,240	39	64	960,377	39	216,637
<b>Taxable returns, total</b> .....	<b>25,065,503</b>	<b>42,786,899</b>	<b>2,404,513,329</b>	<b>25,065,503</b>	<b>309,331,385</b>	<b>573,179</b>	<b>714,975</b>	<b>46,188,909</b>	<b>573,179</b>	<b>6,174,126</b>
<b>Nontaxable returns, total</b> .....	<b>19,829,499</b>	<b>36,889,269</b>	<b>355,623,000</b>	<b>--</b>	<b>--</b>	<b>164,595</b>	<b>232,067</b>	<b>2,946,932</b>	<b>--</b>	<b>--</b>

Footnotes at end of table.

**Table 2.3--All Returns: Exemptions by Type and Number of Exemptions, by Size of Adjusted Gross Income--Continued**

(All figures are estimates based on samples--money amounts are in thousands of dollars)

Size of adjusted gross income	Exemptions for dependents--continued									
	Exemptions for parents					Exemptions for other dependents				
	Number of returns	Number of exemptions	Adjusted gross income less deficit	Total income tax		Number of returns	Number of exemptions	Adjusted gross income less deficit	Total income tax	
				Number of returns	Amount				Number of returns	Amount
(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	
<b>All returns, total.....</b>	<b>2,420,207</b>	<b>2,821,351</b>	<b>121,133,400</b>	<b>1,641,687</b>	<b>10,809,240</b>	<b>3,876,971</b>	<b>5,397,213</b>	<b>116,575,058</b>	<b>1,533,590</b>	<b>6,011,258</b>
Under \$5,000.....	45,884	56,211	-593,023	8	55	220,509	297,238	152,360	--	--
\$5,000 under \$10,000.....	95,355	102,296	756,309	6	25	348,497	470,278	2,664,354	--	--
\$10,000 under \$15,000.....	158,414	185,201	2,012,445	23,817	2,505	518,686	715,848	6,469,729	19,735	2,696
\$15,000 under \$20,000.....	239,071	275,997	4,200,292	98,026	35,136	590,349	800,751	10,335,865	107,191	43,432
\$20,000 under \$25,000.....	254,246	301,243	5,686,563	114,695	87,150	520,080	737,788	11,661,851	120,288	82,774
\$25,000 under \$30,000.....	213,378	243,026	5,867,043	141,526	166,859	332,955	477,609	9,128,412	164,506	165,788
\$30,000 under \$35,000.....	165,143	189,035	5,373,156	130,648	186,220	276,729	383,198	8,956,473	163,623	228,732
\$35,000 under \$40,000.....	182,169	215,967	6,796,516	140,334	267,894	248,218	376,329	9,294,863	193,402	316,780
\$40,000 under \$45,000.....	186,030	217,447	7,923,537	149,618	353,594	149,243	235,738	6,336,938	121,265	254,997
\$45,000 under \$50,000.....	106,415	113,145	5,040,166	96,211	238,598	114,339	149,690	5,399,956	102,995	269,965
\$50,000 under \$55,000.....	97,233	112,546	5,114,538	90,767	313,621	93,069	127,860	4,879,309	88,011	305,974
\$55,000 under \$60,000.....	85,052	103,282	4,886,064	78,363	300,990	78,573	109,630	4,499,480	76,209	278,127
\$60,000 under \$75,000.....	196,133	235,854	13,156,857	184,599	984,910	142,374	192,325	9,443,828	136,408	681,842
\$75,000 under \$100,000.....	170,233	205,486	14,701,062	167,788	1,287,851	154,878	208,466	13,056,678	151,503	1,117,621
\$100,000 under \$200,000.....	187,671	220,621	24,851,142	187,543	3,125,197	77,913	100,223	9,984,364	77,910	1,324,497
\$200,000 under \$500,000.....	32,520	37,960	9,085,693	32,480	1,854,943	9,326	12,687	2,581,847	9,313	522,963
\$500,000 under \$1,000,000.....	3,892	4,408	2,520,400	3,888	620,929	798	1,016	538,791	796	128,242
\$1,000,000 under \$1,500,000.....	674	881	803,972	674	220,286	228	317	284,719	228	68,943
\$1,500,000 under \$2,000,000.....	276	289	474,462	276	120,998	58	58	97,191	58	18,080
\$2,000,000 under \$5,000,000.....	308	330	888,749	308	236,729	116	125	367,659	116	102,301
\$5,000,000 under \$10,000,000.....	72	81	483,544	72	123,027	25	29	175,159	25	43,767
\$10,000,000 or more.....	40	45	1,103,915	40	281,725	9	11	265,232	9	53,737
<b>Taxable returns, total.....</b>	<b>1,641,687</b>	<b>1,899,016</b>	<b>105,346,364</b>	<b>1,641,687</b>	<b>10,809,240</b>	<b>1,533,590</b>	<b>2,011,882</b>	<b>77,103,603</b>	<b>1,533,590</b>	<b>6,011,258</b>
<b>Nontaxable returns, total.....</b>	<b>778,521</b>	<b>922,335</b>	<b>15,787,036</b>	<b>--</b>	<b>--</b>	<b>2,343,381</b>	<b>3,385,331</b>	<b>39,471,454</b>	<b>--</b>	<b>--</b>

NOTE: Detail may not add to totals because of rounding.

Table 2.4--All Returns: Exemptions by Type and Number of Exemptions, by Marital Status

(All figures are estimates based on samples--money amounts are in thousands of dollars)

Marital status	Number of returns	Number of exemptions	Number of exemptions for taxpayers	Exemptions for dependents				
				Total				
				Number of returns	Number of exemptions	Adjusted gross income less deficit	Total income tax	
							Number of returns	Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
All returns, total.....	130,423,626	261,126,373	172,284,599	48,944,202	88,841,774	2,912,175,070	27,437,147	322,831,218
Joint returns of married persons.....	51,510,779	157,775,713	102,995,711	27,766,122	54,780,002	2,331,612,546	19,996,436	287,590,385
Separate returns of married persons, total:.....	2,320,275	3,180,423	2,345,986	556,863	834,437	25,672,518	394,510	3,167,350
Spouse filing.....	2,283,190	3,072,779	2,272,163	538,980	800,615	24,817,199	384,472	3,082,461
Spouse not filing.....	37,086	107,644	73,823	17,884	33,822	855,319	10,038	84,889
Returns of heads of household.....	19,506,611	49,332,928	19,506,611	18,264,098	29,826,317	492,418,982	6,126,896	26,482,272
Returns of surviving spouses.....	83,179	221,087	83,179	83,179	137,908	3,408,431	42,666	294,226
Returns of single persons.....	57,002,781	50,616,222	47,353,111	2,273,939	3,263,110	59,062,593	876,639	5,296,984

Marital status	Exemptions for dependents--continued									
	Exemptions for children at home					Exemptions for children away from home				
	Number of returns	Number of exemptions	Adjusted gross income less deficit	Total income tax		Number of returns	Number of exemptions	Adjusted gross income less deficit	Total income tax	
				Number of returns	Amount				Number of returns	Amount
(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	
All returns, total.....	44,895,002	79,676,168	2,760,136,328	25,065,503	309,331,385	737,774	947,042	49,135,841	573,179	6,174,126
Joint returns of married persons.....	26,977,288	52,253,644	2,277,566,364	19,387,599	281,663,902	293,030	387,857	27,108,455	232,919	3,563,472
Separate returns of married persons, total:.....	502,292	737,488	23,150,539	351,039	2,865,847	23,619	30,799	1,192,545	16,537	196,390
Spouse filing.....	485,361	704,619	22,327,844	341,953	2,782,336	23,619	30,799	1,192,545	16,537	196,390
Spouse not filing.....	16,931	32,869	822,696	*9,086	*83,511	--	--	--	--	--
Returns of heads of household.....	15,941,065	24,604,579	428,065,703	4,971,805	22,453,464	126,365	144,006	5,287,846	77,536	433,796
Returns of surviving spouses.....	81,156	132,852	3,287,665	40,643	282,266	--	--	--	--	--
Returns of single persons.....	1,393,201	1,947,606	28,066,057	314,417	2,065,906	294,759	384,379	15,546,994	246,187	1,980,468

Marital status	Exemptions for dependents--continued									
	Exemptions for parents					Exemptions for other dependents				
	Number of returns	Number of exemptions	Adjusted gross income less deficit	Total income tax		Number of returns	Number of exemptions	Adjusted gross income less deficit	Total income tax	
				Number of returns	Amount				Number of returns	Amount
(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	
All returns, total.....	2,420,207	2,821,351	121,133,400	1,641,687	10,809,240	3,876,971	5,397,213	116,575,058	1,533,590	6,011,258
Joint returns of married persons.....	934,031	1,112,318	70,762,671	684,029	7,255,521	746,083	1,026,182	39,364,144	431,854	2,626,783
Separate returns of married persons, total:.....	28,376	33,034	1,137,707	21,732	115,439	23,203	33,115	967,090	19,223	59,125
Spouse filing.....	27,424	32,082	1,105,084	20,780	114,061	23,203	33,115	967,090	19,223	59,125
Spouse not filing.....	*952	*952	*32,624	*952	*1,377	--	--	--	--	--
Returns of heads of household.....	1,301,516	1,483,670	44,328,043	837,213	3,001,259	2,572,043	3,594,062	63,133,995	827,503	2,387,804
Returns of surviving spouses.....	*3,013	*3,021	*154,012	*3,013	*6,031	*2,030	*2,036	*117,685	*2,023	*11,960
Returns of single persons.....	153,271	189,308	4,750,967	95,700	430,990	533,613	741,818	12,992,144	252,987	925,585

\*Estimate should be used with caution because of the small number of returns on which it is based.

NOTE: Detail may not add to totals because of rounding.

**Table 2.5--Returns with Earned Income Credit, by Size of Adjusted Gross Income**

(All figures are estimates based on samples--money amounts are in thousands of dollars)

Size of adjusted gross income	All returns with earned income credit									
	Number of returns	Adjusted gross income less deficit	EIC salaries and wages		EIC self-employment income		EIC earned income <sup>1</sup>		Total earned income credit	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
Total.....	22,024,227	318,342,462	19,813,872	283,900,483	4,733,314	28,204,259	22,024,227	312,138,408	22,024,227	38,657,067
No adjusted gross income.....	175,665	-4,477,957	91,299	890,366	123,449	182,872	175,665	1,073,238	175,665	159,212
\$1 under \$1,000.....	333,089	187,812	231,988	272,562	115,668	140,310	333,089	412,872	333,089	67,726
\$1,000 under \$2,000.....	500,940	768,695	422,719	700,375	110,122	185,495	500,940	885,870	500,940	171,158
\$2,000 under \$3,000.....	597,318	1,493,729	513,289	1,352,775	124,074	231,761	597,318	1,584,535	597,318	328,270
\$3,000 under \$4,000.....	737,061	2,593,980	610,865	2,089,301	174,823	584,940	737,061	2,674,241	737,061	550,779
\$4,000 under \$5,000.....	787,762	3,554,349	669,905	2,882,530	202,176	678,201	787,762	3,560,732	787,762	791,247
\$5,000 under \$6,000.....	916,227	5,049,156	769,966	4,044,149	223,372	878,729	916,227	4,922,878	916,227	1,143,500
\$6,000 under \$7,000.....	894,713	5,837,382	780,768	4,706,264	203,418	1,005,887	894,713	5,712,151	894,713	1,202,956
\$7,000 under \$8,000.....	1,149,463	8,645,237	941,578	6,313,536	377,771	2,094,241	1,149,463	8,407,777	1,149,463	1,880,471
\$8,000 under \$9,000.....	1,038,876	8,831,484	893,926	6,904,224	274,590	1,589,637	1,038,876	8,493,861	1,038,876	1,751,846
\$9,000 under \$10,000.....	931,704	8,832,232	816,507	6,965,285	226,311	1,355,626	931,704	8,352,485	931,704	1,679,055
\$10,000 under \$11,000.....	1,232,490	12,949,049	1,034,335	9,704,666	347,945	2,559,470	1,232,490	12,264,137	1,232,490	2,828,698
\$11,000 under \$12,000.....	819,754	9,389,314	712,331	7,248,552	214,981	1,634,531	819,754	8,883,083	819,754	2,311,855
\$12,000 under \$13,000.....	638,128	7,971,525	578,972	6,636,005	123,122	978,287	638,128	7,614,292	638,128	2,122,380
\$13,000 under \$14,000.....	672,080	9,087,425	609,269	7,508,961	146,029	1,118,027	672,080	8,626,987	672,080	2,203,124
\$14,000 under \$15,000.....	654,608	9,493,697	594,085	7,862,722	151,246	1,212,080	654,608	9,074,801	654,608	2,069,722
\$15,000 under \$16,000.....	716,396	11,099,900	663,210	9,596,384	108,409	940,242	716,396	10,536,626	716,396	2,140,978
\$16,000 under \$17,000.....	650,937	10,741,313	613,018	9,466,674	104,702	877,290	650,937	10,343,964	650,937	1,846,960
\$17,000 under \$18,000.....	642,427	11,220,057	604,991	10,079,205	105,165	772,813	642,427	10,852,018	642,427	1,747,089
\$18,000 under \$19,000.....	699,601	12,938,084	661,644	11,488,021	114,641	1,021,815	699,601	12,509,836	699,601	1,750,965
\$19,000 under \$20,000.....	655,627	12,795,774	630,540	11,638,292	98,891	697,188	655,627	12,337,573	655,627	1,551,022
\$20,000 under \$25,000.....	3,070,914	68,757,800	2,945,575	62,840,744	476,319	3,704,557	3,070,914	66,545,301	3,070,914	5,529,037
\$25,000 and over.....	3,508,448	100,582,424	3,423,091	92,708,891	586,092	3,760,259	3,508,448	96,469,150	3,508,448	2,829,006

Size of adjusted gross income	All returns with earned income credit--continued							
	EIC used to offset income tax before credits		Total income tax		EIC used to offset all other taxes		EIC refundable portion	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	
Total.....	3,606,251	926,381	1,418,787	579,017	4,401,160	3,718,355	19,162,460	34,012,332
No adjusted gross income.....	**	**	--	--	98,436	46,694	120,306	112,517
\$1 under \$1,000.....	--	--	--	--	56,672	14,253	286,664	53,472
\$1,000 under \$2,000.....	--	--	--	--	98,823	22,709	438,201	148,449
\$2,000 under \$3,000.....	--	--	--	--	109,439	29,649	527,211	298,621
\$3,000 under \$4,000.....	--	--	--	--	163,421	62,155	638,229	488,625
\$4,000 under \$5,000.....	--	--	--	--	182,947	79,534	689,902	711,713
\$5,000 under \$6,000.....	--	--	--	--	217,463	116,484	827,116	1,027,017
\$6,000 under \$7,000.....	--	--	--	--	191,847	111,557	819,153	1,091,399
\$7,000 under \$8,000.....	--	--	--	--	378,702	293,510	1,079,250	1,585,868
\$8,000 under \$9,000.....	**426,129	**23,279	10,534	532	260,943	181,429	931,447	1,548,233
\$9,000 under \$10,000.....	304,810	36,771	209,598	14,097	190,820	165,922	688,184	1,476,362
\$10,000 under \$11,000.....	318,039	16,933	297,243	64,203	319,638	361,711	904,239	2,450,054
\$11,000 under \$12,000.....	80,012	4,927	64,044	19,271	201,724	238,837	734,840	2,068,091
\$12,000 under \$13,000.....	*8,915	*2,352	--	--	130,295	159,234	634,294	1,960,804
\$13,000 under \$14,000.....	47,501	5,518	--	--	145,381	187,389	664,794	2,010,216
\$14,000 under \$15,000.....	47,532	10,643	--	--	154,923	214,957	645,071	1,844,122
\$15,000 under \$16,000.....	53,391	13,191	--	--	111,329	158,214	700,055	1,969,572
\$16,000 under \$17,000.....	45,538	12,733	*948	*461	114,483	146,278	623,321	1,687,949
\$17,000 under \$18,000.....	46,551	19,437	--	--	106,845	118,391	617,521	1,609,261
\$18,000 under \$19,000.....	72,081	28,799	--	--	127,867	160,322	671,195	1,561,843
\$19,000 under \$20,000.....	99,490	25,730	--	--	86,537	105,079	632,730	1,420,213
\$20,000 under \$25,000.....	781,294	330,932	63,768	19,875	464,383	468,123	2,826,136	4,729,982
\$25,000 and over.....	1,274,968	395,134	772,651	460,574	488,244	275,922	2,462,601	2,157,949

Footnotes at end of table.

Table 2.5--Returns with Earned Income Credit, by Size of Adjusted Gross Income--Continued

(All figures are estimates based on samples--money amounts are in thousands of dollars)

Size of adjusted gross income	Returns with no qualifying children									
	Number of returns	Adjusted gross income less deficit	EIC salaries and wages		EIC self-employment income		EIC earned income <sup>1</sup>		Total earned income credit	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)
<b>Total</b> .....	<b>4,392,379</b>	<b>24,591,479</b>	<b>3,609,417</b>	<b>21,826,012</b>	<b>1,210,928</b>	<b>3,664,951</b>	<b>4,392,379</b>	<b>25,490,963</b>	<b>4,392,379</b>	<b>941,783</b>
No adjusted gross income.....	100,792	-1,805,593	42,640	251,421	75,655	82,637	100,792	334,058	100,792	17,648
\$1 under \$1,000.....	223,976	116,415	134,076	152,215	101,513	89,395	223,976	241,610	223,976	16,255
\$1,000 under \$2,000.....	285,814	438,909	224,236	393,644	83,494	107,810	285,814	501,454	285,814	36,249
\$2,000 under \$3,000.....	315,819	793,416	250,163	681,443	95,260	166,484	315,819	847,927	315,819	62,545
\$3,000 under \$4,000.....	394,191	1,386,483	303,652	1,027,964	118,915	384,838	394,191	1,412,802	394,191	102,105
\$4,000 under \$5,000.....	378,995	1,716,045	297,713	1,334,257	125,889	380,760	378,995	1,715,017	378,995	120,191
\$5,000 under \$6,000.....	410,881	2,258,653	334,911	1,799,116	110,066	370,730	410,881	2,169,846	410,881	144,168
\$6,000 under \$7,000.....	429,382	2,802,390	372,212	2,275,974	100,630	419,354	429,382	2,695,328	429,382	139,858
\$7,000 under \$8,000.....	458,249	3,443,343	416,478	3,007,642	96,992	305,785	458,249	3,313,427	458,249	126,037
\$8,000 under \$9,000.....	445,667	3,790,584	381,016	3,018,231	118,625	541,219	445,667	3,559,450	445,667	92,504
\$9,000 under \$10,000.....	406,087	3,843,819	356,271	3,149,011	80,119	329,401	406,087	3,478,413	406,087	54,253
\$10,000 under \$11,000.....	412,210	4,331,966	381,168	3,615,152	72,316	330,445	412,210	3,945,597	412,210	26,366
\$11,000 under \$12,000.....	119,541	1,344,739	105,163	1,024,906	29,511	148,169	119,541	1,173,075	119,541	3,500
\$12,000 under \$13,000.....	10,776	130,309	*9,717	*95,036	*1,945	*7,924	10,776	102,960	10,776	105
\$13,000 under \$14,000.....	--	--	--	--	--	--	--	--	--	--
\$14,000 under \$15,000.....	--	--	--	--	--	--	--	--	--	--
\$15,000 under \$16,000.....	--	--	--	--	--	--	--	--	--	--
\$16,000 under \$17,000.....	--	--	--	--	--	--	--	--	--	--
\$17,000 under \$18,000.....	--	--	--	--	--	--	--	--	--	--
\$18,000 under \$19,000.....	--	--	--	--	--	--	--	--	--	--
\$19,000 under \$20,000.....	--	--	--	--	--	--	--	--	--	--
\$20,000 under \$25,000.....	--	--	--	--	--	--	--	--	--	--
\$25,000 and over.....	--	--	--	--	--	--	--	--	--	--

Size of adjusted gross income	Returns with no qualifying children--continued							
	EIC used to offset income tax before credits		Total income tax		EIC used to offset all other taxes		EIC refundable portion	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(29)	(30)	(31)	(32)	(33)	(34)	(35)	(36)
<b>Total</b> .....	<b>1,086,232</b>	<b>75,331</b>	<b>581,419</b>	<b>98,103</b>	<b>955,840</b>	<b>211,771</b>	<b>2,980,871</b>	<b>654,680</b>
No adjusted gross income.....	--	--	--	--	56,044	11,791	49,072	5,857
\$1 under \$1,000.....	--	--	--	--	46,645	6,617	179,226	9,638
\$1,000 under \$2,000.....	--	--	--	--	71,153	11,248	223,107	25,001
\$2,000 under \$3,000.....	--	--	--	--	78,636	16,357	245,718	46,188
\$3,000 under \$4,000.....	--	--	--	--	111,347	27,745	295,359	74,360
\$4,000 under \$5,000.....	--	--	--	--	105,768	32,944	282,472	87,247
\$5,000 under \$6,000.....	--	--	--	--	107,892	34,206	321,770	109,961
\$6,000 under \$7,000.....	--	--	--	--	89,931	25,308	356,714	114,550
\$7,000 under \$8,000.....	**	**	--	--	91,024	20,705	388,414	104,268
\$8,000 under \$9,000.....	**418,144	**23,019	*10,534	*532	105,058	17,181	341,763	53,368
\$9,000 under \$10,000.....	296,939	35,582	209,598	14,097	38,850	3,533	163,631	15,138
\$10,000 under \$11,000.....	307,106	16,172	297,243	64,203	34,243	3,142	86,599	7,052
\$11,000 under \$12,000.....	64,044	558	64,044	19,271	18,190	983	37,307	1,958
\$12,000 under \$13,000.....	--	--	--	--	*1,059	*10	*9,717	*95
\$13,000 under \$14,000.....	--	--	--	--	--	--	--	--
\$14,000 under \$15,000.....	--	--	--	--	--	--	--	--
\$15,000 under \$16,000.....	--	--	--	--	--	--	--	--
\$16,000 under \$17,000.....	--	--	--	--	--	--	--	--
\$17,000 under \$18,000.....	--	--	--	--	--	--	--	--
\$18,000 under \$19,000.....	--	--	--	--	--	--	--	--
\$19,000 under \$20,000.....	--	--	--	--	--	--	--	--
\$20,000 under \$25,000.....	--	--	--	--	--	--	--	--
\$25,000 and over.....	--	--	--	--	--	--	--	--

Footnotes at end of table.



**Table 2.5--Returns with Earned Income Credit, by Size of Adjusted Gross Income--Continued**

(All figures are estimates based on samples--money amounts are in thousands of dollars)

Size of adjusted gross income	Returns with one qualifying child									
	Number of returns	Adjusted gross income less deficit	EIC salaries and wages		EIC self-employment income		EIC earned income <sup>1</sup>		Total earned income credit	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(37)	(38)	(39)	(40)	(41)	(42)	(43)	(44)	(45)	(46)
<b>Total.....</b>	<b>8,269,067</b>	<b>126,402,037</b>	<b>7,610,139</b>	<b>113,238,731</b>	<b>1,513,511</b>	<b>9,217,115</b>	<b>8,269,067</b>	<b>122,455,846</b>	<b>8,269,067</b>	<b>13,745,615</b>
No adjusted gross income.....	35,206	-860,502	23,249	251,802	22,426	44,952	35,206	296,755	35,206	51,329
\$1 under \$1,000.....	58,491	39,634	51,681	48,613	9,764	24,646	58,491	73,259	58,491	21,951
\$1,000 under \$2,000.....	116,567	178,975	108,108	169,506	14,278	29,021	116,567	198,528	116,567	66,050
\$2,000 under \$3,000.....	157,038	385,738	146,150	384,498	16,591	14,876	157,038	399,374	157,038	132,780
\$3,000 under \$4,000.....	223,651	787,888	201,462	694,051	34,753	117,970	223,651	812,021	223,651	273,955
\$4,000 under \$5,000.....	233,346	1,050,678	213,104	883,177	39,429	152,832	233,346	1,036,009	233,346	350,858
\$5,000 under \$6,000.....	295,109	1,634,790	249,396	1,270,675	69,503	321,724	295,109	1,592,399	295,109	537,233
\$6,000 under \$7,000.....	270,942	1,770,651	230,392	1,380,401	66,323	359,415	270,942	1,739,816	270,942	576,547
\$7,000 under \$8,000.....	472,878	3,558,820	323,901	1,996,710	236,918	1,486,833	472,878	3,483,543	472,878	1,142,141
\$8,000 under \$9,000.....	322,724	2,740,689	272,740	2,068,948	92,185	613,927	322,724	2,682,875	322,724	792,605
\$9,000 under \$10,000.....	249,674	2,371,472	224,234	1,921,463	56,990	367,132	249,674	2,288,595	249,674	614,005
\$10,000 under \$11,000.....	322,978	3,394,018	302,205	2,922,880	41,260	268,036	322,978	3,190,915	322,978	786,418
\$11,000 under \$12,000.....	327,743	3,757,322	303,856	3,245,342	55,649	358,399	327,743	3,603,741	327,743	810,297
\$12,000 under \$13,000.....	270,718	3,382,339	250,433	2,929,359	43,655	304,199	270,718	3,233,558	270,718	675,406
\$13,000 under \$14,000.....	321,913	4,353,624	301,922	3,750,657	52,093	334,106	321,913	4,084,763	321,913	786,834
\$14,000 under \$15,000.....	321,583	4,655,415	298,929	3,935,794	56,803	492,680	321,583	4,428,475	321,583	759,666
\$15,000 under \$16,000.....	363,627	5,633,652	340,701	4,873,801	51,114	440,971	363,627	5,314,772	363,627	813,304
\$16,000 under \$17,000.....	322,967	5,324,825	302,599	4,748,367	44,514	398,452	322,967	5,146,819	322,967	673,754
\$17,000 under \$18,000.....	302,003	5,280,795	278,660	4,649,812	52,145	430,759	302,003	5,080,571	302,003	584,163
\$18,000 under \$19,000.....	337,611	6,235,372	326,343	5,700,986	46,648	327,922	337,611	6,028,908	337,611	603,560
\$19,000 under \$20,000.....	305,551	5,965,929	289,826	5,314,960	49,613	407,329	305,551	5,722,289	305,551	493,414
\$20,000 under \$25,000.....	1,485,224	33,218,079	1,435,841	30,730,930	203,079	1,345,038	1,485,224	32,075,967	1,485,224	1,738,044
\$25,000 and over.....	1,151,523	31,541,834	1,134,408	29,365,997	157,780	575,896	1,151,523	29,941,893	1,151,523	461,299

Size of adjusted gross income	Returns with one qualifying child--continued							
	EIC used to offset income tax before credits		Total income tax		EIC used to offset all other taxes		EIC refundable portion	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(47)	(48)	(49)	(50)	(51)	(52)	(53)	(54)
<b>Total.....</b>	<b>1,915,877</b>	<b>653,928</b>	<b>693,824</b>	<b>416,743</b>	<b>1,441,792</b>	<b>1,266,834</b>	<b>7,312,883</b>	<b>11,824,853</b>
No adjusted gross income.....	--	--	--	--	19,404	14,962	33,461	36,367
\$1 under \$1,000.....	--	--	--	--	*5,626	*2,961	58,144	18,991
\$1,000 under \$2,000.....	--	--	--	--	*11,340	*3,964	116,536	62,085
\$2,000 under \$3,000.....	--	--	--	--	16,675	5,462	157,032	127,319
\$3,000 under \$4,000.....	--	--	--	--	30,850	19,080	223,651	254,875
\$4,000 under \$5,000.....	--	--	--	--	40,475	24,592	232,051	326,266
\$5,000 under \$6,000.....	--	--	--	--	67,589	51,058	295,109	486,175
\$6,000 under \$7,000.....	--	--	--	--	67,331	53,694	270,942	522,853
\$7,000 under \$8,000.....	*4,004	*30	--	--	238,828	226,563	472,878	915,548
\$8,000 under \$9,000.....	--	--	--	--	93,308	96,412	321,637	696,193
\$9,000 under \$10,000.....	*952	*149	--	--	60,889	61,007	248,963	552,850
\$10,000 under \$11,000.....	*4,934	*183	--	--	53,178	47,353	321,450	738,882
\$11,000 under \$12,000.....	*9,975	*2,667	--	--	53,010	59,946	325,759	747,683
\$12,000 under \$13,000.....	*6,925	*1,883	--	--	50,747	54,050	268,290	619,473
\$13,000 under \$14,000.....	44,558	4,869	--	--	50,836	58,830	318,058	723,135
\$14,000 under \$15,000.....	43,551	8,310	--	--	63,336	73,899	314,318	677,458
\$15,000 under \$16,000.....	53,391	13,191	--	--	50,130	70,236	350,348	729,878
\$16,000 under \$17,000.....	34,629	10,343	*948	*461	50,468	60,199	300,479	603,212
\$17,000 under \$18,000.....	39,629	16,758	--	--	57,088	55,036	280,008	512,369
\$18,000 under \$19,000.....	56,421	23,550	--	--	47,487	47,307	318,858	532,703
\$19,000 under \$20,000.....	93,521	24,208	--	--	40,512	42,624	287,152	426,582
\$20,000 under \$25,000.....	683,974	298,855	62,842	19,848	186,105	112,931	1,336,880	1,326,258
\$25,000 and over.....	839,415	248,933	630,035	396,435	86,579	24,669	460,880	187,697

Footnotes at end of table.

Table 2.5--Returns with Earned Income Credit, by Size of Adjusted Gross Income--Continued

(All figures are estimates based on samples--money amounts are in thousands of dollars)

Size of adjusted gross income	Returns with two or more qualifying children									
	Number of returns	Adjusted gross income less deficit	EIC salaries and wages		EIC self-employment income		EIC earned income <sup>1</sup>		Total earned income credit	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(55)	(56)	(57)	(58)	(59)	(60)	(61)	(62)	(63)	(64)
Total.....	9,362,781	167,348,947	8,594,316	148,835,740	2,008,875	15,322,193	9,362,781	164,191,599	9,362,781	23,969,669
No adjusted gross income.....	39,667	-1,811,861	25,411	387,142	25,368	55,283	39,667	442,425	39,667	90,235
\$1 under \$1,000.....	50,623	31,763	46,232	71,734	*4,391	*26,269	50,623	98,003	50,623	29,519
\$1,000 under \$2,000.....	98,559	150,811	90,376	137,224	12,349	48,664	98,559	185,888	98,559	68,859
\$2,000 under \$3,000.....	124,461	314,575	116,976	286,834	12,224	50,400	124,461	337,234	124,461	132,945
\$3,000 under \$4,000.....	119,220	419,610	105,752	367,286	21,156	82,132	119,220	449,418	119,220	174,719
\$4,000 under \$5,000.....	175,421	787,625	159,087	665,097	36,857	144,610	175,421	809,707	175,421	320,198
\$5,000 under \$6,000.....	210,238	1,155,714	185,659	974,358	43,803	186,275	210,238	1,160,633	210,238	462,100
\$6,000 under \$7,000.....	194,389	1,264,341	178,163	1,049,888	36,465	227,119	194,389	1,277,007	194,389	486,552
\$7,000 under \$8,000.....	218,336	1,643,073	201,198	1,309,184	43,861	301,623	218,336	1,610,807	218,336	612,292
\$8,000 under \$9,000.....	270,485	2,300,211	240,170	1,817,046	63,781	434,491	270,485	2,251,536	270,485	866,738
\$9,000 under \$10,000.....	275,943	2,616,941	236,002	1,894,811	89,203	659,092	275,943	2,585,477	275,943	1,010,797
\$10,000 under \$11,000.....	497,303	5,223,066	350,963	3,166,635	234,369	1,960,990	497,303	5,127,625	497,303	2,015,914
\$11,000 under \$12,000.....	372,469	4,287,253	303,312	2,978,303	129,821	1,127,963	372,469	4,106,266	372,469	1,498,059
\$12,000 under \$13,000.....	356,634	4,458,877	318,822	3,611,610	77,522	666,165	356,634	4,277,774	356,634	1,446,879
\$13,000 under \$14,000.....	350,167	4,733,801	307,347	3,758,304	93,936	783,920	350,167	4,542,224	350,167	1,416,290
\$14,000 under \$15,000.....	333,024	4,838,282	295,156	3,926,928	94,443	719,399	333,024	4,646,327	333,024	1,310,056
\$15,000 under \$16,000.....	352,769	5,466,248	322,509	4,722,583	57,295	499,271	352,769	5,221,854	352,769	1,327,673
\$16,000 under \$17,000.....	327,970	5,416,489	310,419	4,718,307	60,188	478,838	327,970	5,197,145	327,970	1,173,206
\$17,000 under \$18,000.....	340,424	5,939,261	326,332	5,429,392	53,020	342,054	340,424	5,771,447	340,424	1,162,926
\$18,000 under \$19,000.....	361,990	6,702,712	335,301	5,787,035	67,992	693,893	361,990	6,480,928	361,990	1,147,404
\$19,000 under \$20,000.....	350,075	6,829,846	340,714	6,323,333	49,278	289,860	350,075	6,615,285	350,075	1,057,608
\$20,000 under \$25,000.....	1,585,690	35,539,721	1,509,734	32,109,814	273,240	2,359,520	1,585,690	34,469,334	1,585,690	3,790,993
\$25,000 and over.....	2,356,925	69,040,590	2,288,683	63,342,894	428,312	3,184,364	2,356,925	66,527,257	2,356,925	2,367,707

Size of adjusted gross income	Returns with two or more qualifying children--continued							
	EIC used to offset income tax before credits		Total income tax		EIC used to offset all other taxes		EIC refundable portion	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(65)	(66)	(67)	(68)	(69)	(70)	(71)	(72)
Total.....	604,142	197,121	143,544	64,172	2,003,529	2,239,749	8,868,706	21,532,798
No adjusted gross income.....	**	**	--	--	22,987	19,941	37,772	70,294
\$1 under \$1,000.....	--	--	--	--	*4,401	*4,676	49,294	24,844
\$1,000 under \$2,000.....	--	--	--	--	16,331	7,497	98,558	61,363
\$2,000 under \$3,000.....	--	--	--	--	14,129	7,830	124,461	125,114
\$3,000 under \$4,000.....	--	--	--	--	21,223	15,329	119,220	159,390
\$4,000 under \$5,000.....	--	--	--	--	36,703	21,997	175,379	298,201
\$5,000 under \$6,000.....	--	--	--	--	41,982	31,219	210,238	430,881
\$6,000 under \$7,000.....	--	--	--	--	34,584	32,556	191,497	453,996
\$7,000 under \$8,000.....	**	**	--	--	48,850	46,241	217,957	566,051
\$8,000 under \$9,000.....	**3,982	**230	--	--	62,578	67,837	268,046	798,672
\$9,000 under \$10,000.....	*6,919	*1,041	--	--	91,081	101,382	275,589	908,375
\$10,000 under \$11,000.....	*6,000	*579	--	--	232,217	311,216	496,189	1,704,120
\$11,000 under \$12,000.....	*5,993	*1,701	--	--	130,524	177,908	371,775	1,318,449
\$12,000 under \$13,000.....	*1,990	*470	--	--	78,489	105,174	356,287	1,341,235
\$13,000 under \$14,000.....	*2,942	*650	--	--	94,545	128,560	346,377	1,287,081
\$14,000 under \$15,000.....	*3,981	*2,333	--	--	91,587	141,058	330,753	1,166,665
\$15,000 under \$16,000.....	--	--	--	--	61,199	87,979	349,706	1,239,695
\$16,000 under \$17,000.....	*10,909	*2,390	--	--	64,014	86,800	322,841	1,084,736
\$17,000 under \$18,000.....	*6,922	*2,678	--	--	49,757	63,356	337,514	1,096,892
\$18,000 under \$19,000.....	15,660	5,249	--	--	80,380	113,015	352,337	1,029,140
\$19,000 under \$20,000.....	*5,969	*1,522	--	--	46,025	62,455	345,578	993,631
\$20,000 under \$25,000.....	97,320	32,077	926	27	278,278	355,192	1,489,257	3,403,724
\$25,000 and over.....	435,553	146,201	142,616	64,140	401,665	251,254	2,001,721	1,970,252

\* Estimate should be used with caution because of the small number of returns on which it is based.

\*\* Data combined to avoid disclosure of information for specific taxpayers.

<sup>1</sup> For prior year returns, EIC earned income includes Nontaxable earned income.

NOTE: Detail may not add to totals because of rounding.





**Table 3.2--Returns with Total Income Tax as a Percentage of Adjusted Gross Income, by Size of Adjusted Gross Income**

(All figures are estimates based on samples--money amounts are in thousands of dollars)

Size of adjusted gross income	Total income tax as a percentage of adjusted gross income															
	Total					Under 5 percent					5 under 7 percent					
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	
Number of returns	Adjusted gross income less deficit	Total income tax	Number of returns	Total income tax	Adjusted gross income less deficit	Number of returns	Total income tax	Adjusted gross income less deficit	Number of returns	Total income tax	Adjusted gross income less deficit	Number of returns	Total income tax	Adjusted gross income less deficit	Number of returns	Total income tax
<b>All returns</b>																
Total.....	89,170,499	5,748,566,751	748,017,488	25,623,726	704,159,660	20,727,723	12,800,699	531,471,389	32,186,560							
Under \$5,000.....	1,089,039	-2,600,700	151,536	708,173	2,133,051	25,836	54,363	129,992	7,881							
\$5,000 under \$10,000.....	4,116,242	31,995,562	780,450	3,895,945	30,107,903	641,730	142,722	1,320,906	68,992							
\$10,000 under \$15,000.....	6,042,925	75,393,049	2,750,659	5,196,226	65,113,339	2,082,016	647,860	7,516,944	444,228							
\$15,000 under \$20,000.....	6,304,103	110,625,566	5,404,733	2,487,759	43,308,889	1,054,032	2,890,803	49,923,480	3,000,041							
\$20,000 under \$25,000.....	6,095,228	137,029,808	8,274,086	2,059,898	46,415,168	1,144,199	617,052	13,706,322	839,115							
\$25,000 under \$30,000.....	6,092,090	167,694,124	11,036,040	2,300,695	63,305,391	1,822,710	500,147	13,838,480	827,844							
\$30,000 under \$40,000.....	11,856,081	413,146,253	29,737,818	3,275,876	113,158,051	3,199,541	2,325,813	81,951,418	4,900,906							
\$40,000 under \$50,000.....	9,668,366	432,975,517	34,635,213	2,366,560	105,528,765	3,066,561	1,466,879	65,624,051	3,970,966							
\$50,000 under \$75,000.....	17,024,921	1,045,511,568	94,256,193	2,577,958	153,781,724	5,023,815	2,815,632	173,283,166	10,520,978							
\$75,000 under \$100,000.....	9,486,123	816,206,695	84,253,116	5,76,137	48,316,258	1,681,260	1,111,112	93,792,985	5,755,307							
\$100,000 under \$200,000.....	8,861,764	1,167,988,946	163,342,407	151,800	18,513,529	604,092	218,614	25,301,268	1,537,991							
\$200,000 or more.....	2,533,617	1,350,602,364	313,395,237	26,698	14,497,574	381,930	9,703	5,082,389	312,310							
<b>Joint returns</b>																
Total.....	39,811,946	3,893,660,668	529,448,677	10,010,601	434,432,890	12,950,660	6,112,338	363,709,125	22,076,947							
Under \$5,000.....	78,721	-3,550,753	49,231	-	-	-	-	-	-							
\$5,000 under \$10,000.....	*49	*416	*1,044	-	-	-	-	-	-							
\$10,000 under \$15,000.....	*3,990	*58,292	*518	*3,990	*58,292	*518	-	-	-							
\$15,000 under \$20,000.....	831,053	15,209,057	147,453	828,979	15,173,450	144,333	*1,990	*34,045	*1,870							
\$20,000 under \$25,000.....	1,199,103	27,040,660	637,879	1,188,737	26,811,425	615,260	*9,791	*216,360	*12,366							
\$25,000 under \$30,000.....	1,245,080	34,231,338	1,126,896	1,232,286	33,879,204	1,068,597	*9,885	*270,202	*15,732							
\$30,000 under \$40,000.....	3,498,278	123,224,610	5,323,753	1,930,544	66,927,695	1,870,422	1,385,384	49,317,440	2,933,460							
\$40,000 under \$50,000.....	4,375,033	197,073,762	10,790,799	1,832,389	82,110,026	2,317,689	945,080	42,415,942	2,564,795							
\$50,000 under \$75,000.....	11,043,208	687,541,123	49,760,917	2,300,674	137,799,525	4,502,619	2,466,531	152,816,505	9,279,752							
\$75,000 under \$100,000.....	7,737,447	667,126,650	62,134,478	539,841	45,210,349	1,602,006	1,076,337	90,794,838	5,572,835							
\$100,000 under \$200,000.....	7,629,783	1,008,301,679	135,715,164	133,185	16,034,972	538,902	210,408	24,257,869	1,474,986							
\$200,000 or more.....	2,170,202	1,137,403,835	263,760,544	19,977	10,427,953	290,514	6,932	3,585,924	221,150							
<b>Single returns</b>																
Total.....	40,203,562	1,406,461,569	172,326,413	12,327,411	167,804,499	4,970,728	5,107,455	106,900,316	6,441,025							
Under \$5,000.....	927,620	1,292,243	96,736	707,226	2,128,406	25,820	53,411	128,408	7,795							
\$5,000 under \$10,000.....	4,037,874	31,310,589	767,978	3,820,579	29,444,898	631,635	139,777	1,299,409	67,752							
\$10,000 under \$15,000.....	5,792,201	72,157,924	2,665,847	4,962,572	62,089,900	2,013,246	639,066	7,402,050	437,503							
\$15,000 under \$20,000.....	4,958,765	86,479,692	4,902,062	1,317,010	22,205,540	757,014	2,761,258	47,707,411	2,864,476							
\$20,000 under \$25,000.....	4,333,872	97,186,622	7,036,792	552,866	12,354,616	335,850	505,929	11,159,157	688,172							
\$25,000 under \$30,000.....	3,708,086	101,876,149	8,546,665	357,086	9,736,154	296,414	287,380	7,897,916	474,773							
\$30,000 under \$40,000.....	6,031,373	208,741,446	19,881,864	327,070	11,081,871	356,616	426,024	14,583,927	886,808							
\$40,000 under \$50,000.....	3,647,015	162,555,886	18,631,452	135,998	6,044,904	197,014	158,098	6,967,314	421,749							
\$50,000 under \$75,000.....	4,270,619	255,833,401	34,872,099	96,112	5,521,313	176,724	113,169	6,437,909	393,473							
\$75,000 under \$100,000.....	1,268,961	108,401,811	16,867,515	31,308	2,682,077	68,593	13,426	1,195,393	70,111							
\$100,000 under \$200,000.....	944,007	122,696,779	21,533,660	15,552	2,056,182	54,453	7,710	980,705	58,970							
\$200,000 or more.....	283,169	157,923,027	36,523,744	4,532	2,458,677	57,350	2,208	1,140,719	69,443							

Footnotes at end of table.

**Table 3.2--Returns with Total Income Tax as a Percentage of Adjusted Gross Income, by Size of Adjusted Gross Income**  
**--Continued**

(All figures are estimates based on samples--money amounts are in thousands of dollars)

Size of adjusted gross income	Total income tax as a percentage of adjusted gross income--continued								
	7 under 10 percent		10 under 12 percent		12 under 15 percent				
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
	Number of returns	Adjusted gross income less deficit	Total income tax	Number of returns	Adjusted gross income less deficit	Total income tax	Number of returns	Adjusted gross income less deficit	Total income tax
<b>All returns</b>									
Total.....	22,901,674	1,134,052,768	97,345,388	10,203,308	671,175,961	73,122,666	9,163,466	839,229,474	113,289,363
Under \$5,000.....	49,064	162,887	12,893	*5,597	*18,208	*1,920	*5,895	*17,465	*2,213
\$5,000 under \$10,000.....	56,073	404,193	34,176	*2,945	*26,603	*2,819	*1,905	*12,390	*1,653
\$10,000 under \$15,000.....	178,981	2,499,789	187,410	*10,732	*148,870	*16,907	*4,934	*66,559	*8,908
\$15,000 under \$20,000.....	911,019	17,133,846	1,313,480	*8,681	*155,850	*16,701	*1,945	*37,943	*4,791
\$20,000 under \$25,000.....	3,354,356	75,440,530	6,122,432	60,363	1,387,972	144,683	*956	*23,863	*3,531
\$25,000 under \$30,000.....	3,209,345	88,285,140	8,089,958	75,366	2,083,561	227,099	*3,517	*99,633	*12,480
\$30,000 under \$40,000.....	2,527,094	87,800,511	7,568,655	3,569,246	124,119,083	13,302,511	151,718	5,893,998	728,389
\$40,000 under \$50,000.....	2,845,286	128,151,067	10,523,025	828,921	36,702,515	4,023,188	2,130,129	95,534,248	12,696,268
\$50,000 under \$75,000.....	5,881,844	360,329,982	31,207,463	2,155,013	139,739,011	14,881,131	1,834,987	109,339,441	14,881,615
\$75,000 under \$100,000.....	2,987,122	254,635,776	21,815,128	2,074,235	177,953,051	19,612,798	1,802,289	161,213,295	21,287,342
\$100,000 under \$200,000.....	869,782	101,480,273	8,938,577	1,378,628	164,919,074	18,272,241	3,103,290	397,715,908	54,080,291
\$200,000 or more.....	31,709	17,728,774	1,531,190	33,580	23,922,162	2,620,668	121,913	69,274,732	9,581,883
<b>Joint returns</b>									
Total.....	10,471,193	741,491,709	63,534,661	4,552,426	428,444,633	46,755,263	4,374,001	554,225,773	74,752,583
Under \$5,000.....	-	-	-	-	-	-	-	-	-
\$5,000 under \$10,000.....	-	-	-	-	-	-	-	-	-
\$10,000 under \$15,000.....	-	-	-	-	-	-	-	-	-
\$15,000 under \$20,000.....	-	-	-	-	-	-	-	-	-
\$20,000 under \$25,000.....	-	-	-	-	-	-	-	-	-
\$25,000 under \$30,000.....	*1,911	*55,051	*4,416	-	-	-	-	-	-
\$30,000 under \$40,000.....	180,385	6,915,035	507,124	-	-	-	*3	*116	*15
\$40,000 under \$50,000.....	1,586,818	72,058,347	5,729,424	*7,773	*366,522	*39,058	*3	*1,150	*19
\$50,000 under \$75,000.....	4,978,920	307,994,777	26,684,068	1,289,571	88,392,537	9,220,887	7,276	521,543	68,700
\$75,000 under \$100,000.....	2,870,071	244,775,890	20,951,477	1,905,236	163,876,514	18,040,261	1,338,079	121,739,225	15,836,162
\$100,000 under \$200,000.....	827,215	96,125,241	8,481,175	1,321,163	158,036,632	17,508,224	2,924,941	376,035,995	51,122,950
\$200,000 or more.....	25,873	13,567,368	1,176,977	28,682	17,772,427	1,946,833	103,699	55,928,744	7,724,738
<b>Single returns</b>									
Total.....	10,139,956	291,247,590	25,261,422	4,854,638	198,663,730	21,555,426	4,132,984	235,289,211	31,817,694
Under \$5,000.....	49,064	162,887	12,893	*5,597	*18,208	*1,920	*5,885	*17,465	*2,213
\$5,000 under \$10,000.....	56,073	404,193	34,176	*2,945	*26,603	*2,819	*1,905	*12,390	*1,653
\$10,000 under \$15,000.....	171,088	2,407,722	180,286	*10,732	*148,870	*16,907	*4,934	*66,559	*8,908
\$15,000 under \$20,000.....	870,018	16,382,907	1,252,136	*4,762	*82,605	*9,290	*1,905	*37,232	*4,705
\$20,000 under \$25,000.....	3,221,691	72,436,206	5,878,183	50,404	1,169,773	121,193	*952	*23,795	*3,521
\$25,000 under \$30,000.....	3,008,371	82,714,397	7,603,808	52,630	1,456,385	157,540	*1,637	*46,557	*6,079
\$30,000 under \$40,000.....	1,735,270	59,213,707	5,278,308	3,406,013	118,519,186	12,701,207	132,972	5,196,959	635,940
\$40,000 under \$50,000.....	604,767	26,692,296	2,330,291	681,174	30,050,119	3,319,108	2,045,762	91,769,572	12,198,601
\$50,000 under \$75,000.....	343,657	19,992,474	1,765,021	507,721	29,798,380	3,299,883	1,524,643	89,751,850	12,277,362
\$75,000 under \$100,000.....	43,319	3,661,413	314,520	88,611	7,425,068	828,458	289,874	24,578,418	3,409,194
\$100,000 under \$200,000.....	31,507	3,886,558	330,948	39,519	4,850,953	539,113	106,326	13,280,409	1,809,343
\$200,000 or more.....	5,133	3,292,830	280,852	4,529	5,117,578	557,987	16,190	10,508,006	1,460,175

Footnotes at end of table.

Table 3.2--Returns with Total Income Tax as a Percentage of Adjusted Gross Income, by Size of Adjusted Gross Income

--Continued  
(All figures are estimates based on samples--money amounts are in thousands of dollars)

Size of adjusted gross income	Total income tax as a percentage of adjusted gross income--continued												
	15 under 17 percent			17 under 25 percent			25 under 30 percent						
	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)				
<b>All returns</b>													
Total.....	3,804,255	463,527,617	73,917,136	3,755,373	835,017,403	169,861,696	543,805	352,929,346	96,519,888				
Under \$5,000.....	7,959	*21,971	*3,484	*2,857	*10,252	*1,940	—	—	—				
\$5,000 under \$10,000.....	*3,934	*27,190	*4,342	*8,906	*67,421	*14,870	*2,615	*18,208	*5,099				
\$10,000 under \$15,000.....	—	—	—	*3,810	*42,825	*8,996	—	—	—				
\$15,000 under \$20,000.....	*952	*14,506	*2,414	*1,947	*33,158	*6,769	—	—	—				
\$20,000 under \$25,000.....	*1,077	*22,458	*3,553	*347	*7,977	*1,767	—	—	—				
\$25,000 under \$30,000.....	—	—	—	*31	*886	*198	—	—	—				
\$30,000 under \$40,000.....	*4,360	*158,491	*24,900	*1,954	*64,034	*12,079	—	—	—				
\$40,000 under \$50,000.....	22,806	1,087,632	171,211	*5,737	*261,445	*51,078	*3	*151	*38				
\$50,000 under \$75,000.....	1,438,661	86,897,111	13,825,625	318,896	22,025,089	3,875,333	*934	*68,751	*18,386				
\$75,000 under \$100,000.....	371,893	31,451,995	5,029,302	562,395	48,767,721	9,045,332	*198	*15,387	*3,960				
\$100,000 under \$200,000.....	1,761,650	249,449,515	39,744,989	1,366,137	208,556,235	39,468,232	7,921	1,391,710	367,841				
\$200,000 or more.....	190,962	94,396,749	15,107,317	1,482,354	555,180,361	117,375,102	532,135	351,435,139	96,124,564				
<b>Joint returns</b>													
Total.....	1,688,655	297,717,086	47,454,737	2,018,169	606,065,695	124,401,286	417,133	292,766,595	80,063,480				
Under \$5,000.....	—	—	—	—	—	—	—	—	—				
\$5,000 under \$10,000.....	—	—	—	—	—	—	—	—	—				
\$10,000 under \$15,000.....	—	—	—	—	—	—	—	—	—				
\$15,000 under \$20,000.....	—	—	—	*41	*743	*130	—	—	—				
\$20,000 under \$25,000.....	—	—	—	*347	*7,977	*1,767	—	—	—				
\$25,000 under \$30,000.....	—	—	—	—	—	—	—	—	—				
\$30,000 under \$40,000.....	—	—	—	*1,951	*63,936	*12,056	—	—	—				
\$40,000 under \$50,000.....	—	—	—	*930	*37,386	*7,320	*3	*151	*38				
\$50,000 under \$75,000.....	*118	*8,220	*1,316	*45	*3,225	*603	*7	*509	*131				
\$75,000 under \$100,000.....	6,403	602,030	96,946	584	55,869	9,970	*198	*15,387	*3,960				
\$100,000 under \$200,000.....	1,511,018	219,038,470	34,836,085	697,637	118,050,008	21,467,743	1,343	242,944	67,599				
\$200,000 or more.....	171,116	78,068,365	12,520,391	1,316,634	487,846,551	102,901,698	415,583	292,507,605	79,991,751				
<b>Single returns</b>													
Total.....	1,900,934	143,263,303	22,665,443	1,526,270	190,562,085	37,645,261	95,681	44,445,357	12,154,832				
Under \$5,000.....	7,959	*21,971	*3,484	*2,857	*10,252	*1,940	—	—	—				
\$5,000 under \$10,000.....	*3,934	*27,190	*4,342	*8,906	*67,421	*14,870	*2,615	*18,208	*5,099				
\$10,000 under \$15,000.....	—	—	—	*3,810	*42,825	*8,996	—	—	—				
\$15,000 under \$20,000.....	*952	*14,506	*2,414	*1,906	*32,415	*6,539	—	—	—				
\$20,000 under \$25,000.....	*1,077	*22,458	*3,553	—	—	—	—	—	—				
\$25,000 under \$30,000.....	—	—	—	*31	*886	*198	—	—	—				
\$30,000 under \$40,000.....	*4,013	*145,418	*22,801	*3	*98	*23	—	—	—				
\$40,000 under \$50,000.....	19,855	948,656	149,359	*1,854	*82,600	*15,909	—	—	—				
\$50,000 under \$75,000.....	1,382,277	83,360,719	13,261,189	301,185	20,845,672	3,661,242	*927	*68,243	*18,255				
\$75,000 under \$100,000.....	276,679	23,312,400	3,738,964	525,710	45,544,057	8,436,159	—	—	—				
\$100,000 under \$200,000.....	186,634	22,609,252	3,654,806	552,691	74,309,050	14,839,613	3,104	558,275	143,995				
\$200,000 or more.....	17,552	12,800,694	2,025,532	127,318	49,626,809	10,659,672	89,035	43,600,632	11,987,484				

Footnotes at end of table.

**Table 3.2--Returns with Total Income Tax as a Percentage of Adjusted Gross Income, by Size of Adjusted Gross Income**  
**--Continued**  
 (All figures are estimates based on samples--money amounts are in thousands of dollars)

Size of adjusted gross income	Total income tax as a percentage of adjusted gross income--continued									
	30 under 50 percent		50 under 100 percent		100 percent or more					
	(28)	(29)	(30)	(31)	(32)	(33)	(34)	(35)	(36)	
	Number of returns	Adjusted gross income less deficit	Total income tax	Number of returns	Adjusted gross income less deficit	Total income tax	Number of returns	Adjusted gross income less deficit	Total income tax	
<b>All returns</b>										
Total.....	113,136	219,384,010	70,380,799	2,372	588,476	371,667	258,686	-4,967,364	294,602	
Under \$5,000.....	--	--	--	--	--	--	255,141	-5,094,527	95,368	
\$5,000 under \$10,000.....	*959	*8,887	*2,684	†	†	†	†	†	†	
\$10,000 under \$15,000.....	*382	*4,724	*2,192	†	†	†	†	†	†	
\$15,000 under \$20,000.....	*952	*17,059	*5,308	†	†	†	†	†	†	
\$20,000 under \$25,000.....	*952	*20,618	*6,321	†	†	†	†	†	†	
\$25,000 under \$30,000.....	*1,992	*54,154	*17,600	†	†	†	*998	*26,881	*38,151	
\$30,000 under \$40,000.....	--	--	--	†	†	†	†	†	†	
\$40,000 under \$50,000.....	*6	*281	*88	†	†	†	†	†	†	
\$50,000 under \$75,000.....	*939	*63,619	*19,233	*53	*3,418	*2,129	*4	*256	*484	
\$75,000 under \$100,000.....	*692	*55,932	*19,998	*41	*3,524	*1,898	*9	*771	*791	
\$100,000 under \$200,000.....	2,228	385,856	142,529	*1,702	*274,262	*182,257	*12	*1,316	*2,366	
\$200,000 or more.....	104,032	218,772,881	70,164,845	524	306,484	184,895	*6	*5,120	*10,533	
<b>Joint returns</b>										
Total.....	83,428	177,737,937	56,931,481	1,944	497,489	289,062	82,057	-3,428,264	238,317	
Under \$5,000.....	--	--	--	--	--	--	78,723	-3,550,735	50,025	
\$5,000 under \$10,000.....	*6	*61	*25	†	†	†	†	†	†	
\$10,000 under \$15,000.....	--	--	--	†	†	†	†	†	†	
\$15,000 under \$20,000.....	--	--	--	†	†	†	†	†	†	
\$20,000 under \$25,000.....	--	--	--	†	†	†	†	†	†	
\$25,000 under \$30,000.....	--	--	--	†	†	†	†	†	†	
\$30,000 under \$40,000.....	--	--	--	†	†	†	*998	*26,881	*38,151	
\$40,000 under \$50,000.....	*6	*281	*88	†	†	†	†	†	†	
\$50,000 under \$75,000.....	*9	*609	*229	*53	*3,418	*2,129	*4	*256	*484	
\$75,000 under \$100,000.....	*684	*55,312	*19,752	*5	*463	*319	*9	*771	*791	
\$100,000 under \$200,000.....	1,512	271,642	99,420	†	†	†	†	†	†	
\$200,000 or more.....	81,210	177,410,034	56,811,968	†	†	†	†	†	†	
<b>Single returns</b>										
Total.....	21,998	29,391,450	9,488,204	*415	*86,995	*80,393	95,821	-1,192,966	45,985	
Under \$5,000.....	--	--	--	--	--	--	95,622	-1,195,355	40,671	
\$5,000 under \$10,000.....	*952	*8,826	*2,659	†	†	†	†	†	†	
\$10,000 under \$15,000.....	--	--	--	†	†	†	†	†	†	
\$15,000 under \$20,000.....	*952	*17,059	*5,308	†	†	†	†	†	†	
\$20,000 under \$25,000.....	*952	*20,618	*6,321	†	†	†	†	†	†	
\$25,000 under \$30,000.....	*952	*23,854	*7,853	†	†	†	†	†	†	
\$30,000 under \$40,000.....	--	--	--	*8	*280	*161	--	--	--	
\$40,000 under \$50,000.....	--	--	--	†	†	†	†	†	†	
\$50,000 under \$75,000.....	*927	*62,842	*18,951	--	--	--	--	--	--	
\$75,000 under \$100,000.....	--	--	--	*35	*2,985	*1,516	--	--	--	
\$100,000 under \$200,000.....	*614	*98,263	*36,233	†	†	†	†	†	†	
\$200,000 or more.....	16,647	29,159,988	9,410,879	†	†	†	†	†	†	

\* Estimate should be used with caution due to the small number of sample returns on which it is based.  
 † Data deleted to avoid disclosure of information for specific taxpayers. Deleted data are included in appropriate totals.  
 NOTE: Detail may not add to totals because of rounding.



**Table 3.3--All Returns: Tax Liability, Tax Credits, and Tax Payments, by Size of Adjusted Gross Income**

(All returns are estimates based on samples--money amounts are in thousands of dollars)

Size of adjusted gross income	Tax credits				
	All returns	Total		Child care credit	Amount
		Number of returns	Amount		
	(1)	(2)	(3)	(4)	(5)
<b>All returns, total.....</b>	<b>130,423,626</b>	<b>41,091,029</b>	<b>41,995,756</b>	<b>6,313,297</b>	<b>3,206,890</b>
No adjusted gross income.....	1,813,840	4,568	2,848	*106	*181
\$1 under \$5,000.....	11,697,628	64,723	1,502	--	--
\$5,000 under \$10,000.....	12,503,409	996,411	86,853	*1,895	*93
\$10,000 under \$15,000.....	12,002,004	1,940,085	398,381	77,415	13,073
\$15,000 under \$20,000.....	11,293,967	3,479,396	1,226,764	303,172	96,236
\$20,000 under \$25,000.....	9,831,150	4,146,800	2,371,509	450,297	230,144
\$25,000 under \$30,000.....	8,541,753	3,631,465	2,893,291	432,091	245,746
\$30,000 under \$40,000.....	13,957,257	5,509,367	5,002,697	779,750	485,180
\$40,000 under \$50,000.....	10,452,444	4,643,842	4,931,676	694,704	338,911
\$50,000 under \$75,000.....	17,372,492	7,612,197	9,384,323	1,454,840	730,375
\$75,000 under \$100,000.....	9,542,599	4,745,859	6,004,621	1,021,338	495,190
\$100,000 under \$200,000.....	8,878,643	3,385,784	3,591,666	927,293	481,586
\$200,000 under \$500,000.....	1,993,016	658,748	1,699,502	149,900	77,088
\$500,000 under \$1,000,000.....	356,140	165,001	1,131,236	**20,496	**13,088
\$1,000,000 under \$1,500,000.....	81,695	44,901	532,675	**	**
\$1,500,000 under \$2,000,000.....	34,016	19,386	335,113	**	**
\$2,000,000 under \$5,000,000.....	48,278	30,289	896,347	**	**
\$5,000,000 under \$10,000,000.....	11,168	7,681	486,138	**	**
\$10,000,000 or more.....	6,126	4,528	1,018,613	**	**
<b>Taxable returns, total.....</b>	<b>88,921,904</b>	<b>28,600,153</b>	<b>32,979,712</b>	<b>4,496,403</b>	<b>2,216,247</b>
No adjusted gross income.....	4,522	1,307	2,176	*106	*181
\$1 under \$5,000.....	835,922	46,089	577	--	--
\$5,000 under \$10,000.....	4,116,242	282,329	28,181	--	--
\$10,000 under \$15,000.....	6,042,925	795,113	110,759	--	--
\$15,000 under \$20,000.....	6,304,103	840,156	222,211	*3,981	*2,095
\$20,000 under \$25,000.....	6,095,228	1,224,640	494,064	*4,934	*1,691
\$25,000 under \$30,000.....	6,092,090	1,492,313	1,143,303	97,125	45,538
\$30,000 under \$40,000.....	11,856,081	3,640,799	2,949,455	377,911	198,322
\$40,000 under \$50,000.....	9,668,366	3,951,075	3,824,140	521,364	226,113
\$50,000 under \$75,000.....	17,024,921	7,315,935	8,792,250	1,384,358	680,886
\$75,000 under \$100,000.....	9,486,123	4,701,332	5,845,653	1,009,337	489,752
\$100,000 under \$200,000.....	8,861,764	3,379,412	3,531,144	926,923	481,510
\$200,000 under \$500,000.....	1,996,787	658,060	1,672,066	149,872	77,075
\$500,000 under \$1,000,000.....	355,750	164,865	1,114,952	**20,491	**13,085
\$1,000,000 or more.....	181,080	106,725	3,248,781	**	**
<b>Nontaxable returns, total.....</b>	<b>41,501,722</b>	<b>12,480,877</b>	<b>9,016,043</b>	<b>1,816,894</b>	<b>990,642</b>

Footnotes at end of table.

**Table 3.3--All Returns: Tax Liability, Tax Credits, and Tax Payments, by Size of Adjusted Gross Income--Continued**

(All returns are estimates based on samples--money amounts are in thousands of dollars)

Size of adjusted gross income	Tax credits--continued											
	Credit for the elderly and disabled		Child tax credit		Education credit		Retirement savings contribution credit		Adoption credit		Amount	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount		
(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)			
<b>All returns, total</b> .....	<b>123,147</b>	<b>20,257</b>	<b>25,672,254</b>	<b>22,788,025</b>	<b>7,298,185</b>	<b>5,842,966</b>	<b>1,034,394</b>	<b>63,980</b>	<b>348,793</b>			
No adjusted gross income.....	83	51	4,091	2,034	309	420	*32	--	--			
\$1 under \$5,000.....	--	--	*960	*83	*2,339	*58	--	--	--			
\$5,000 under \$10,000.....	21,720	1,681	*3,086	*320	125,322	15,393	5,671	--	--			
\$10,000 under \$15,000.....	56,300	13,514	439,921	53,249	541,296	192,055	71,811	--	--			
\$15,000 under \$20,000.....	37,091	3,587	1,673,657	507,708	661,880	387,577	108,085	--	--			
\$20,000 under \$25,000.....	*7,954	*1,424	2,235,008	1,132,208	593,593	428,163	210,371	--	--			
\$25,000 under \$30,000.....	--	--	2,296,293	1,496,585	666,822	534,322	214,487	*948	*316			
\$30,000 under \$40,000.....	--	--	3,789,479	3,173,965	1,183,027	1,003,864	204,916	*5,207	*4,202			
\$40,000 under \$50,000.....	--	--	3,317,501	3,457,679	878,707	765,414	219,020	*3,856	*6,259			
\$50,000 under \$75,000.....	--	--	6,080,919	6,707,092	1,578,685	1,570,754	--	17,654	68,097			
\$75,000 under \$100,000.....	--	--	3,664,932	4,189,106	1,040,943	943,523	--	17,501	92,380			
\$100,000 under \$200,000.....	--	--	**2,166,409	**2,067,996	25,263	1,424	--	18,797	177,468			
\$200,000 under \$500,000.....	--	--	--	--	--	--	--	*7	*51			
\$500,000 under \$1,000,000.....	--	--	--	--	--	--	--	**10	**20			
\$1,000,000 under \$1,500,000.....	--	--	--	--	--	--	--	--	--			
\$1,500,000 under \$2,000,000.....	--	--	--	--	--	--	--	--	--			
\$2,000,000 under \$5,000,000.....	--	--	--	--	--	--	--	--	--			
\$5,000,000 under \$10,000,000.....	--	--	--	--	--	--	--	--	--			
\$10,000,000 or more.....	--	--	--	--	--	--	--	--	--			
<b>Taxable returns, total</b> .....	<b>67,046</b>	<b>10,122</b>	<b>17,338,044</b>	<b>17,690,764</b>	<b>5,362,671</b>	<b>4,424,243</b>	<b>579,195</b>	<b>33,056</b>	<b>169,417</b>			
No adjusted gross income.....	75	51	1,045	1,556	236	305	*14	--	--			
\$1 under \$5,000.....	--	--	*6	*13	--	--	--	--	--			
\$5,000 under \$10,000.....	*953	*10	*40	*32	*4,936	*332	*163	--	--			
\$10,000 under \$15,000.....	28,162	5,967	*382	*382	193,475	44,757	32,408	--	--			
\$15,000 under \$20,000.....	31,230	3,038	24,757	15,244	304,222	140,015	47,031	--	--			
\$20,000 under \$25,000.....	*6,625	*1,057	92,742	65,779	383,153	263,870	85,478	--	--			
\$25,000 under \$30,000.....	--	--	666,542	462,302	390,012	316,570	69,017	--	--			
\$30,000 under \$40,000.....	--	--	2,203,239	1,829,181	850,986	689,518	152,233	*2,359	*1,281			
\$40,000 under \$50,000.....	--	--	2,705,461	2,718,083	711,164	571,781	192,850	*1,948	*1,617			
\$50,000 under \$75,000.....	--	--	5,843,968	6,397,310	1,498,018	1,462,160	--	*6,289	*12,494			
\$75,000 under \$100,000.....	--	--	3,636,892	4,137,012	1,031,357	933,529	--	*6,066	*16,902			
\$100,000 under \$200,000.....	--	--	**2,162,969	**2,063,871	25,112	1,407	--	16,381	137,091			
\$200,000 under \$500,000.....	--	--	--	--	--	--	--	--	--			
\$500,000 under \$1,000,000.....	--	--	--	--	--	--	--	*3	*13			
\$1,000,000 or more.....	--	--	--	--	--	--	--	**10	**20			
<b>Nontaxable returns, total</b> .....	<b>56,101</b>	<b>10,135</b>	<b>8,334,211</b>	<b>5,097,261</b>	<b>1,935,514</b>	<b>1,418,723</b>	<b>455,198</b>	<b>30,924</b>	<b>179,376</b>			

Footnotes at end of table.

**Table 3.3--All Returns: Tax Liability, Tax Credits, and Tax Payments, by Size of Adjusted Gross Income--Continued**  
(All returns are estimates based on samples--money amounts are in thousands of dollars)

Size of adjusted gross income	Tax credits--continued											
	Earned income credit used to offset income tax before credits		Minimum tax credit		Foreign tax credit		General business credit		Empowerment zone and community renewal credit		Amount	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount		
(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)			
All returns, total.....	3,606,251	926,381	250,605	916,538	4,145,174	5,805,555	262,738	612,744	22,553	83,449		
No adjusted gross income.....	**	**	**	**	153	4	--	--	**	**		
\$1 under \$5,000.....	--	--	**4	** (Z)	60,472	877	*952	*484	--	--		
\$5,000 under \$10,000.....	**730,940	**60,050	--	--	56,848	1,339	*952	*763	--	--		
\$10,000 under \$15,000.....	501,999	40,374	*359	*63	91,625	4,285	*1,855	*111	**	**		
\$15,000 under \$20,000.....	317,051	99,890	*1,348	*288	121,548	7,285	*3,793	*1,179	--	--		
\$20,000 under \$25,000.....	781,294	330,932	*44	*13	125,499	11,669	*1,646	*818	**1,677	**1,654		
\$25,000 under \$30,000.....	1,034,224	345,902	2,030	1,904	135,275	15,254	*4,414	*3,503	*952	*1,077		
\$30,000 under \$40,000.....	240,743	49,233	7,221	4,334	266,959	23,016	12,387	15,349	*31	*60		
\$40,000 under \$50,000.....	--	--	11,242	13,933	277,975	45,887	29,793	30,731	*927	*3,695		
\$50,000 under \$75,000.....	--	--	42,796	34,902	714,453	142,623	54,765	56,616	*1,512	*2,159		
\$75,000 under \$100,000.....	--	--	33,439	37,496	596,340	154,614	43,167	69,299	*1,420	*2,037		
\$100,000 under \$200,000.....	--	--	95,110	127,936	969,025	610,781	60,470	78,771	4,521	17,431		
\$200,000 under \$500,000.....	--	--	36,152	173,803	492,683	1,359,371	22,433	42,694	**8,791	**27,005		
\$500,000 under \$1,000,000.....	--	--	12,408	180,410	141,698	864,583	12,482	57,585	--	--		
\$1,000,000 under \$1,500,000.....	--	--	3,683	85,195	39,257	390,996	5,000	38,393	1,188	3,672		
\$1,500,000 under \$2,000,000.....	--	--	1,548	39,338	17,137	261,491	2,293	23,379	665	5,497		
\$2,000,000 under \$5,000,000.....	--	--	2,307	112,837	27,092	683,036	4,209	79,556	579	10,983		
\$5,000,000 under \$10,000,000.....	--	--	576	48,115	6,972	383,254	1,225	41,227	174	4,663		
\$10,000,000 or more.....	--	--	338	55,972	4,162	845,180	880	72,285	114	3,515		
Taxable returns, total.....	1,418,787	339,709	234,315	838,766	3,960,953	5,705,137	241,515	580,801	20,661	81,324		
No adjusted gross income.....	**	**	--	--	*7	*1	--	--	**	**		
\$1 under \$5,000.....	--	--	--	--	46,083	565	--	--	--	--		
\$5,000 under \$10,000.....	**220,133	**25,534	--	--	39,454	709	--	--	--	--		
\$10,000 under \$15,000.....	361,287	16,327	--	--	68,880	2,316	*1,855	*111	**	**		
\$15,000 under \$20,000.....	*948	*154	*963	*10	97,105	2,725	*1,905	*917	--	--		
\$20,000 under \$25,000.....	63,768	52,088	*9	*3	113,955	7,590	*1,054	*26	**965	**1,150		
\$25,000 under \$30,000.....	625,016	215,112	*1,235	*837	113,631	8,581	*4,062	*3,107	--	--		
\$30,000 under \$40,000.....	147,635	30,495	*2,752	*2,015	241,704	13,800	*6,873	*7,857	--	--		
\$40,000 under \$50,000.....	--	--	10,821	13,646	263,549	27,143	27,315	26,675	*927	*3,695		
\$50,000 under \$75,000.....	--	--	36,726	26,382	693,669	110,619	49,221	45,412	*1,330	*1,744		
\$75,000 under \$100,000.....	--	--	31,319	28,299	588,660	151,089	41,614	66,058	*1,420	*2,037		
\$100,000 under \$200,000.....	--	--	94,117	119,324	965,650	606,796	59,182	76,656	17,380	17,380		
\$200,000 under \$500,000.....	--	--	35,670	155,005	492,380	1,351,645	22,354	41,949	**8,787	**26,987		
\$500,000 under \$1,000,000.....	--	--	12,297	168,615	141,629	860,524	12,478	57,293	**	**		
\$1,000,000 or more.....	--	--	8,405	324,630	94,588	2,561,034	13,602	254,740	2,720	28,331		
Nontaxable returns, total.....	2,187,465	586,671	16,290	77,772	184,220	100,418	21,223	31,943	1,892	2,126		

Footnotes at end of table.

**Table 3.3--All Returns: Tax Liability, Tax Credits, and Tax Payments, by Size of Adjusted Gross Income--Continued**

(All returns are estimates based on samples--money amounts are in thousands of dollars)

Size of adjusted gross income	Tax credits--continued									
	Nonconventional source fuel credit		Rate reduction credit		New York liberty zone credit		Other tax credits		Number of returns	Amount
	(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)		
<b>All returns, total.....</b>	<b>6,435</b>	<b>18,406</b>	<b>429,516</b>	<b>141,133</b>	<b>2,865</b>	<b>55,466</b>	<b>63,939</b>	<b>125,645</b>		
No adjusted gross income.....	--	--	--	--	*14	*77	--	--		
\$1 under \$5,000.....	--	--	--	--	--	--	--	--		
\$5,000 under \$10,000.....	*952	*25	21,571	1,519	--	--	--	--		
\$10,000 under \$15,000.....	--	--	42,472	8,300	--	--	*1,992	*578		
\$15,000 under \$20,000.....	--	--	64,370	14,257	--	--	*1,990	*673		
\$20,000 under \$25,000.....	--	--	74,737	22,486	--	--	*1,990	*1,369		
\$25,000 under \$30,000.....	--	--	73,025	27,028	--	--	*2,252	*1,228		
\$30,000 under \$40,000.....	*209	*4	56,562	22,820	--	--	*4,019	*3,917		
\$40,000 under \$50,000.....	*3	(Z)	34,102	14,299	--	--	*8,819	*12,137		
\$50,000 under \$75,000.....	*927	*4,594	37,645	17,575	--	--	23,793	34,436		
\$75,000 under \$100,000.....	*2,069	*5,455	--	--	--	--	*10,492	*9,471		
\$100,000 under \$200,000.....	*1,334	*548	*20,400	*10,479	*618	*5,675	4,981	6,535		
\$200,000 under \$500,000.....	*940	*7,782	4,014	2,045	**2,033	**49,715	**2,426	*3,261		
\$500,000 under \$1,000,000.....	--	--	273	142	--	--	--	--		
\$1,000,000 under \$1,500,000.....	--	--	183	103	--	--	563	4,468		
\$1,500,000 under \$2,000,000.....	--	--	*33	*17	--	--	144	1,629		
\$2,000,000 under \$5,000,000.....	--	--	98	46	--	--	288	3,074		
\$5,000,000 under \$10,000,000.....	--	--	24	12	--	--	116	4,758		
\$10,000,000 or more.....	--	--	*9	*5	--	--	76	38,113		
<b>Taxable returns, total.....</b>	<b>5,479</b>	<b>18,270</b>	<b>343,141</b>	<b>119,496</b>	<b>2,534</b>	<b>54,105</b>	<b>56,521</b>	<b>110,655</b>		
No adjusted gross income.....	--	--	--	--	*5	*21	--	--		
\$1 under \$5,000.....	--	--	--	--	--	--	--	--		
\$5,000 under \$10,000.....	--	--	18,728	1,402	--	--	--	--		
\$10,000 under \$15,000.....	--	--	37,489	7,913	--	--	*1,992	*578		
\$15,000 under \$20,000.....	--	--	46,460	10,983	--	--	--	--		
\$20,000 under \$25,000.....	--	--	39,511	14,011	--	--	*1,990	*1,369		
\$25,000 under \$30,000.....	--	--	56,229	20,798	--	--	*952	*128		
\$30,000 under \$40,000.....	*209	*4	50,690	20,624	--	--	*2,029	*25		
\$40,000 under \$50,000.....	*3	(Z)	32,828	13,711	--	--	*8,717	*12,132		
\$50,000 under \$75,000.....	*927	*4,594	36,180	17,209	--	--	21,763	25,340		
\$75,000 under \$100,000.....	*2,069	*5,455	--	--	--	--	*10,492	*9,471		
\$100,000 under \$200,000.....	*1,334	*548	*20,396	*10,477	*505	*4,512	4,981	6,535		
\$200,000 under \$500,000.....	*937	*7,669	4,010	2,042	**2,024	**49,573	*2,421	*3,237		
\$500,000 under \$1,000,000.....	--	--	273	142	--	--	--	--		
\$1,000,000 or more.....	--	--	347	184	--	--	1,183	51,842		
<b>Non-taxable returns, total.....</b>	<b>*956</b>	<b>*136</b>	<b>86,375</b>	<b>21,637</b>	<b>131</b>	<b>1,361</b>	<b>7,419</b>	<b>14,989</b>		

Footnotes at end of table.

**Table 3.3--All Returns: Tax Liability, Tax Credits, and Tax Payments, by Size of Adjusted Gross Income--Continued**

(All returns are estimates based on samples--money amounts are in thousands of dollars)

Size of adjusted gross income	Income tax after credits			Form 4970 tax-trusts accumulation distribution			Total income tax			All other taxes		
	Number of returns	Amount	Penalty tax on qualified retirement plans	Number of returns	Amount	Penalty tax on qualified retirement plans	Number of returns	Amount	Penalty tax on qualified retirement plans	Number of returns	Amount	Penalty tax on qualified retirement plans
<b>All returns, total.....</b>	<b>88,921,898</b>	<b>748,010,125</b>	<b>4,518</b>	<b>46</b>	<b>5,572</b>	<b>88,921,904</b>	<b>748,017,488</b>	<b>20,670,346</b>	<b>44,100,605</b>	<b>4,877,670</b>	<b>3,407,940</b>	
No adjusted gross income.....	4,518	78,488				4,522	78,578	236,137	381,795	33,101	31,814	
\$1 under \$5,000.....	835,922	72,958				835,922	72,958	1,236,100	613,873	72,211	12,276	
\$5,000 under \$10,000.....	4,116,242	780,450				4,116,242	780,450	1,869,471	1,640,965	32,784	32,784	
\$10,000 under \$15,000.....	6,042,925	2,750,659				6,042,925	2,750,659	1,837,483	2,198,308	229,026	56,932	
\$15,000 under \$20,000.....	6,304,103	5,404,733				6,304,103	5,404,733	1,338,962	1,920,598	249,669	85,313	
\$20,000 under \$25,000.....	6,095,228	8,274,086				6,095,228	8,274,086	1,199,673	1,793,177	290,358	85,601	
\$25,000 under \$30,000.....	6,092,090	11,036,040				6,092,090	11,036,040	1,074,738	1,746,335	297,199	107,810	
\$30,000 under \$40,000.....	11,856,081	29,737,818				11,856,081	29,737,818	1,886,151	3,190,466	577,557	261,608	
\$40,000 under \$50,000.....	9,668,366	34,634,209				9,668,366	34,635,213	1,865,976	2,864,850	313,723	313,723	
\$50,000 under \$75,000.....	17,024,921	94,256,193				17,024,921	94,256,193	3,214,937	6,367,836	1,106,887	767,789	
\$75,000 under \$100,000.....	9,486,123	84,253,116				9,486,123	84,253,116	1,988,414	4,921,273	671,471	580,750	
\$100,000 under \$200,000.....	8,861,764	163,342,405				8,861,764	163,342,407	2,167,741	8,538,229	558,449	854,778	
\$200,000 under \$500,000.....	1,996,787	120,710,917				1,996,787	120,711,552	706,803	5,027,446	73,779	174,550	
\$500,000 under \$1,000,000.....	355,749	60,180,621				355,750	60,180,642	144,292	1,388,052	6,936	35,068	
\$1,000,000 under \$1,500,000.....	81,587	25,550,668		16	*760	81,588	25,551,466	36,157	470,425	1,605	3,595	
\$1,500,000 under \$2,000,000.....	33,984	15,315,946		8	*60	33,984	15,316,006	15,021	234,863	566	649	
\$2,000,000 under \$5,000,000.....	48,235	36,900,818		**17	**4,618	48,235	36,905,426	22,929	431,798	718	1,457	
\$5,000,000 under \$10,000,000.....	11,160	19,313,626		**	**	11,160	19,313,636	5,967	170,101	158	293	
\$10,000,000 or more.....	6,114	35,416,375		*4	*134	6,114	35,416,509	3,572	200,213	74	1,149	
<b>Taxable returns, total.....</b>	<b>88,921,898</b>	<b>748,010,125</b>	<b>4,518</b>	<b>46</b>	<b>5,572</b>	<b>88,921,904</b>	<b>748,017,488</b>	<b>13,691,375</b>	<b>35,266,480</b>	<b>3,926,626</b>	<b>3,087,370</b>	
No adjusted gross income.....	4,518	78,488				4,522	78,578	1,825	17,481	*58	*235	
\$1 under \$5,000.....	835,922	72,958				835,922	72,958	37,355	7,694	*4,847	*516	
\$5,000 under \$10,000.....	4,116,242	780,450				4,116,242	780,450	239,927	178,987	29,306	6,503	
\$10,000 under \$15,000.....	6,042,925	2,750,659				6,042,925	2,750,659	536,230	566,528	102,825	22,903	
\$15,000 under \$20,000.....	6,304,103	5,404,733				6,304,103	5,404,733	563,784	761,082	107,362	43,400	
\$20,000 under \$25,000.....	6,095,228	8,274,086				6,095,228	8,274,086	599,309	770,876	150,328	47,205	
\$25,000 under \$30,000.....	6,092,090	11,036,040				6,092,090	11,036,040	647,748	943,505	185,237	70,203	
\$30,000 under \$40,000.....	11,856,081	29,737,818				11,856,081	29,737,818	1,443,245	2,357,533	449,384	214,402	
\$40,000 under \$50,000.....	9,668,366	34,634,209				9,668,366	34,635,213	1,461,687	2,392,420	512,493	286,525	
\$50,000 under \$75,000.....	17,024,921	94,256,193				17,024,921	94,256,193	3,094,868	6,001,242	1,075,788	747,723	
\$75,000 under \$100,000.....	9,486,123	84,253,116				9,486,123	84,253,116	1,970,334	4,862,347	667,396	578,151	
\$100,000 under \$200,000.....	8,861,764	163,342,405				8,861,764	163,342,407	2,161,285	8,495,726	557,841	853,194	
\$200,000 under \$500,000.....	1,996,787	120,710,917				1,996,787	120,711,552	706,030	5,018,858	73,716	174,263	
\$500,000 under \$1,000,000.....	355,749	60,180,621				355,750	60,180,642	144,169	1,386,400	6,930	35,012	
\$1,000,000 or more.....	181,079	132,497,433		46	5,572	181,080	132,503,042	83,579	1,505,881	3,116	7,134	
<b>Nontaxable returns, total.....</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>6,978,971</b>	<b>8,834,125</b>	<b>951,045</b>	<b>320,570</b>	

Footnotes at end of table.

**Table 3.--All Returns: Tax Liability, Tax Credits, and Tax Payments, by Size of Adjusted Gross Income--Continued**

(All returns are estimates based on samples--money amounts are in thousands of dollars)

Size of adjusted gross income	All other taxes--continued						Self-employment tax		Social security taxes on tip income		Household employment tax		Earned income credit used to offset other taxes		Total tax liability			
	Self-employment tax		Social security taxes on tip income		Household employment tax		Earned income credit used to offset other taxes		Total tax liability		Number of returns		Amount		Number of returns		Amount	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(44)	(45)	(46)	(47)	(48)	(49)	(50)	(51)	(52)	(53)								
<b>All returns, total.....</b>	<b>15,373,279</b>	<b>39,574,991</b>	<b>557,717</b>	<b>148,746</b>	<b>240,601</b>	<b>810,442</b>	<b>4,401,160</b>	<b>3,718,355</b>	<b>92,452,597</b>	<b>787,584,165</b>								
No adjusted gross income.....	194,493	318,967	2,265	641	8,943	29,003	98,436	46,694	191,343	395,368								
\$1 under \$5,000.....	1,134,825	571,178	38,327	3,431	3,078	26,650	611,301	208,300	1,796,813	473,980								
\$5,000 under \$10,000.....	1,666,803	1,572,685	73,839	16,060	6,175	19,360	1,239,775	868,902	4,864,318	1,541,706								
\$10,000 under \$15,000.....	1,519,494	2,106,695	91,294	19,923	5,680	14,597	951,961	1,162,128	6,452,966	3,768,562								
\$15,000 under \$20,000.....	1,046,115	1,816,318	47,629	13,324	1,420	4,046	547,061	688,286	6,602,221	6,562,851								
\$20,000 under \$25,000.....	888,593	1,691,221	39,429	9,054	1,925	5,653	464,383	468,123	6,348,295	9,470,045								
\$25,000 under \$30,000.....	774,006	1,600,597	17,623	1,443	10,095	32,156	320,403	222,472	6,311,505	12,410,318								
\$30,000 under \$40,000.....	1,304,893	2,904,992	34,861	7,269	5,059	15,198	167,841	53,450	12,098,206	32,860,654								
\$40,000 under \$50,000.....	1,105,035	2,531,264	28,359	8,051	6,159	11,203	--	--	9,795,837	37,394,513								
\$50,000 under \$75,000.....	2,094,086	5,526,364	70,016	24,786	11,858	42,859	--	--	17,089,452	100,548,615								
\$75,000 under \$100,000.....	1,283,228	4,272,013	51,235	17,939	19,879	47,025	--	--	9,500,422	89,164,150								
\$100,000 under \$200,000.....	1,562,101	7,543,444	57,603	19,759	60,967	109,959	--	--	8,866,639	171,875,268								
\$200,000 under \$500,000.....	601,733	4,627,030	4,823	6,895	58,593	201,723	--	--	1,997,560	125,738,999								
\$500,000 under \$1,000,000.....	127,811	1,261,815	*359	*17	20,227	83,961	--	--	355,873	61,568,694								
\$1,000,000 under \$1,500,000.....	30,986	426,262	*16	*1	7,284	38,995	--	--	81,620	26,021,891								
\$1,500,000 under \$2,000,000.....	12,712	210,196	*8	*3	3,390	19,783	--	--	33,996	15,550,870								
\$2,000,000 under \$5,000,000.....	18,880	343,365	*24	*130	6,229	49,163	--	--	48,250	37,337,224								
\$5,000,000 under \$10,000,000.....	4,765	117,623	*7	*1	2,067	23,866	--	--	11,162	19,483,737								
\$10,000,000 or more.....	2,721	132,961	--	--	1,574	35,241	--	--	6,120	35,616,721								
<b>Taxable returns, total.....</b>	<b>9,439,980</b>	<b>31,288,581</b>	<b>355,729</b>	<b>99,830</b>	<b>205,454</b>	<b>635,791</b>	<b>4,401,160</b>	<b>3,718,355</b>	<b>88,876,228</b>	<b>783,255,867</b>								
No adjusted gross income.....	1,669	14,269	**	**	188	2,463	--	--	4,522	96,055								
\$1 under \$5,000.....	29,564	6,899	**2,945	**278	--	--	--	--	835,922	80,652								
\$5,000 under \$10,000.....	185,589	170,044	24,846	2,426	--	--	--	--	4,116,242	959,436								
\$10,000 under \$15,000.....	384,019	533,341	45,728	6,459	*2,106	*3,739	--	--	6,042,925	3,317,187								
\$15,000 under \$20,000.....	436,530	712,555	*12,914	*3,430	*741	*221	--	--	6,304,103	6,165,816								
\$20,000 under \$25,000.....	432,015	719,780	18,864	3,502	--	--	--	--	6,095,228	9,043,768								
\$25,000 under \$30,000.....	435,850	838,667	*13,642	*1,019	*9,873	*29,411	--	--	6,087,148	11,977,977								
\$30,000 under \$40,000.....	968,302	2,134,095	28,658	5,820	*2,808	*1,771	--	--	11,843,196	32,088,820								
\$40,000 under \$50,000.....	938,892	2,087,716	25,025	7,788	*5,646	*9,789	--	--	9,654,415	37,021,598								
\$50,000 under \$75,000.....	2,002,021	5,215,484	69,035	24,363	7,083	7,688	--	--	17,011,024	100,247,492								
\$75,000 under \$100,000.....	1,269,617	4,220,591	51,235	17,939	18,326	42,680	--	--	9,486,123	89,115,463								
\$100,000 under \$200,000.....	1,556,940	7,519,895	57,603	19,759	59,638	92,593	--	--	8,861,764	171,835,228								
\$200,000 under \$500,000.....	601,223	4,624,139	4,820	6,895	58,344	196,370	--	--	1,996,787	125,730,411								
\$500,000 under \$1,000,000.....	127,730	1,261,273	*359	*17	20,181	82,943	--	--	355,750	61,567,042								
\$1,000,000 or more.....	70,018	1,229,833	56	135	20,520	166,123	--	--	181,080	134,008,923								
<b>Nontaxable returns, total.....</b>	<b>5,933,299</b>	<b>8,286,410</b>	<b>201,988</b>	<b>48,916</b>	<b>35,147</b>	<b>174,651</b>	<b>4,401,160</b>	<b>3,718,355</b>	<b>3,576,369</b>	<b>4,328,298</b>								

Footnotes at end of table.

**Table 3.3--All Returns: Tax Liability, Tax Credits, and Tax Payments, by Size of Adjusted Gross Income--Continued**

(All returns are estimates based on samples--money amounts are in thousands of dollars)

Size of adjusted gross income	Tax payments											
	Total		Income tax withheld		Estimated tax payments		Additional child tax credit		Payments with request for extension of filing time			
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount		
	(54)	(55)	(56)	(57)	(58)	(59)	(60)	(61)	(62)	(63)		
<b>All returns, total.....</b>	<b>119,752,616</b>	<b>926,773,295</b>	<b>114,861,706</b>	<b>703,758,484</b>	<b>11,576,213</b>	<b>182,906,911</b>	<b>12,570,455</b>	<b>9,112,716</b>	<b>1,333,579</b>	<b>38,303,188</b>		
No adjusted gross income.....	628,490	2,705,869	496,947	1,355,623	137,699	1,071,048	171,506	249,992	21,307	178,734		
\$1 under \$5,000.....	8,689,788	1,859,798	8,453,843	1,544,491	241,321	272,199	38,367	22,184	54,924	38,865		
\$5,000 under \$10,000.....	10,061,229	5,200,393	9,715,773	4,609,530	401,879	545,468	105,375	52,553	41,642	37,269		
\$10,000 under \$15,000.....	10,249,006	9,342,306	9,725,668	8,289,794	665,031	971,845	2,543,977	617,600	46,328	72,868		
\$15,000 under \$20,000.....	10,384,105	14,429,716	9,903,050	12,924,991	708,973	1,424,174	3,016,449	1,855,326	41,463	72,082		
\$20,000 under \$25,000.....	9,395,149	18,108,575	9,011,239	16,491,307	655,111	1,538,344	2,353,986	1,960,575	36,205	73,655		
\$25,000 under \$30,000.....	8,314,824	21,414,302	7,990,087	19,684,823	564,434	1,569,796	1,643,519	1,682,645	58,266	148,197		
\$30,000 under \$40,000.....	13,695,219	49,396,663	13,186,468	45,528,929	1,074,237	3,693,187	1,715,323	1,720,951	73,395	159,459		
\$40,000 under \$50,000.....	10,324,665	52,420,480	9,963,145	47,997,249	982,530	4,158,041	661,456	610,965	73,175	252,720		
\$50,000 under \$75,000.....	17,208,121	128,303,386	16,645,593	116,339,686	1,910,178	11,198,023	274,884	275,318	177,748	737,214		
\$75,000 under \$100,000.....	9,466,670	109,060,500	9,149,254	97,766,156	1,270,302	10,585,926	38,007	56,318	121,610	620,961		
\$100,000 under \$200,000.....	8,820,745	189,932,938	8,401,652	158,259,780	1,809,163	28,263,183	7,606	8,289	270,998	2,671,724		
\$200,000 under \$500,000.....	1,981,436	127,082,434	1,766,008	84,975,952	826,425	36,385,311	--	--	198,258	5,162,644		
\$500,000 under \$1,000,000.....	353,011	61,430,068	302,766	34,864,276	202,649	22,545,961	--	--	61,751	3,892,869		
\$1,000,000 under \$1,500,000.....	81,206	25,933,115	67,112	12,747,548	53,724	10,699,202	--	--	20,714	2,452,025		
\$1,500,000 under \$2,000,000.....	33,827	15,656,713	28,079	7,085,389	23,577	6,886,461	--	--	9,856	1,668,457		
\$2,000,000 under \$5,000,000.....	47,901	37,655,070	40,241	15,654,094	35,176	16,506,900	--	--	17,365	5,468,938		
\$5,000,000 under \$10,000,000.....	11,128	20,130,977	9,566	7,485,919	8,604	8,835,387	--	--	5,115	3,801,732		
\$10,000,000 or more.....	6,098	36,709,990	5,215	10,152,949	5,020	15,756,456	--	--	3,460	10,792,777		
<b>Taxable returns, total.....</b>	<b>86,546,803</b>	<b>890,965,464</b>	<b>82,826,982</b>	<b>673,458,968</b>	<b>10,032,130</b>	<b>177,991,629</b>	<b>61,115</b>	<b>49,775</b>	<b>1,156,135</b>	<b>37,847,194</b>		
No adjusted gross income.....	3,338	157,549	2,415	38,062	1,162	68,614	*6	*4	1,061	50,491		
\$1 under \$5,000.....	484,577	145,432	430,176	108,558	49,874	23,200	--	--	23,200	12,915		
\$5,000 under \$10,000.....	3,784,045	2,030,327	3,699,216	1,929,360	101,596	88,534	--	--	14,777	12,299		
\$10,000 under \$15,000.....	5,522,673	5,714,616	5,204,941	5,164,336	403,509	519,925	--	--	23,829	29,617		
\$15,000 under \$20,000.....	5,993,582	9,545,367	5,645,583	8,538,246	511,981	951,783	--	--	27,588	49,333		
\$20,000 under \$25,000.....	5,897,814	12,775,255	5,600,520	11,585,806	523,877	1,131,760	*1,990	*1,194	24,942	53,620		
\$25,000 under \$30,000.....	5,975,505	16,984,466	5,711,805	15,637,466	484,435	1,215,850	*6,933	*4,299	47,093	125,417		
\$30,000 under \$40,000.....	11,689,064	44,597,098	11,234,437	41,147,694	966,932	3,306,551	17,587	9,693	59,604	131,317		
\$40,000 under \$50,000.....	9,570,161	49,941,473	9,233,765	45,816,364	927,238	3,878,679	14,323	13,783	64,449	235,374		
\$50,000 under \$75,000.....	16,888,067	126,467,930	16,349,416	115,027,301	1,862,531	10,748,775	17,886	17,898	164,058	665,092		
\$75,000 under \$100,000.....	9,420,080	108,550,763	9,106,692	97,431,866	1,261,200	10,429,177	--	--	119,643	602,814		
\$100,000 under \$200,000.....	8,805,396	189,613,168	8,390,537	158,114,863	1,803,449	28,106,866	*2,390	*2,905	269,622	2,654,419		
\$200,000 under \$500,000.....	1,979,752	126,994,993	1,764,809	84,946,079	825,580	36,334,801	--	--	198,070	5,155,828		
\$500,000 under \$1,000,000.....	352,740	61,399,604	302,568	34,856,012	202,518	22,528,687	--	--	61,705	3,888,003		
\$1,000,000 or more.....	180,008	136,047,424	150,103	53,116,915	126,189	58,658,427	--	--	56,494	24,180,654		
<b>Non taxable returns, total.....</b>	<b>33,205,813</b>	<b>35,807,831</b>	<b>32,034,723</b>	<b>30,299,516</b>	<b>1,544,083</b>	<b>4,915,282</b>	<b>12,509,340</b>	<b>9,062,942</b>	<b>177,444</b>	<b>455,994</b>		

Footnotes at end of table.

**Table 3.3--All Returns: Tax Liability, Tax Credits, and Tax Payments, by Size of Adjusted Gross Income--Continued**

(All returns are estimates based on samples--money amounts are in thousands of dollars)

Size of adjusted gross income	Tax payments--continued										Earned income credit refundable portion	
	Excess social security taxes withheld		Credit for Federal tax on gasoline and special fuels		Credit from regulated investment companies		Health insurance credit		Amount		Number of returns	Amount
	(64)	(65)	(66)	(67)	(68)	(69)	(70)	(71)	(72)	(73)		
<b>All returns, total.....</b>	<b>1,121,141</b>	<b>1,566,411</b>	<b>349,860</b>	<b>82,154</b>	<b>12,717</b>	<b>123,633</b>	<b>17,834</b>	<b>32,514</b>	<b>19,162,460</b>	<b>34,012,332</b>		
No adjusted gross income.....	5,141	9,679	27,439	7,114	**8	**83,671	--	--	120,306	112,517		
\$1 under \$5,000.....	*3,985	*1,113	20,881	3,130	--	--	--	--	2,580,208	1,700,880		
\$5,000 under \$10,000.....	*2,220	*96	16,176	4,083	--	--	*1,990	*3,946	4,345,149	6,728,879		
\$10,000 under \$15,000.....	*397	*166	25,897	7,634	**	**	--	--	3,563,238	10,333,287		
\$15,000 under \$20,000.....	*3	*3	24,069	5,576	**	**	*1,900	*2,890	3,244,821	8,248,838		
\$20,000 under \$25,000.....	*371	*85	16,580	2,946	*367	*143	*2,991	*2,096	2,826,136	4,729,982		
\$25,000 under \$30,000.....	*1,993	*2,752	25,035	5,046	*1,992	*279	*2,023	*3,409	1,745,481	1,843,617		
\$30,000 under \$40,000.....	*2,270	*762	41,006	12,377	--	--	*2,950	*1,949	717,120	314,332		
\$40,000 under \$50,000.....	*3,751	*2,287	33,382	5,288	*2,875	*2,212	*1,154	*2,684	--	--		
\$50,000 under \$75,000.....	18,557	10,354	60,566	10,126	*930	*763	*1,881	*7,221	--	--		
\$75,000 under \$100,000.....	187,742	70,158	31,002	9,021	*2,684	*504	*2,744	*7,775	--	--		
\$100,000 under \$200,000.....	606,080	725,137	20,315	4,251	**3,534	**26,958	*148	*471	--	--		
\$200,000 under \$500,000.....	228,813	536,241	5,279	3,673	**	**	*40	*49	--	--		
\$500,000 under \$1,000,000.....	38,384	125,192	1,126	424	*104	*1,346	--	--	--	--		
\$1,000,000 under \$1,500,000.....	9,218	33,809	297	227	*74	*305	--	--	--	--		
\$1,500,000 under \$2,000,000.....	3,781	14,898	205	272	*44	*1,231	*8	*5	--	--		
\$2,000,000 under \$5,000,000.....	6,006	23,087	345	323	68	1,710	*6	*19	--	--		
\$5,000,000 under \$10,000,000.....	1,533	6,491	126	333	18	1,115	--	--	--	--		
\$10,000,000 or more.....	896	4,103	134	310	19	3,395	--	--	--	--		
<b>Taxable returns, total.....</b>	<b>1,106,070</b>	<b>1,549,454</b>	<b>217,776</b>	<b>51,255</b>	<b>12,339</b>	<b>39,784</b>	<b>14,691</b>	<b>27,180</b>	<b>19,162,460</b>	<b>34,012,332</b>		
No adjusted gross income.....	203	298	135	85	--	--	--	--	--	--		
\$1 under \$5,000.....	*1,990	*696	*8	*62	--	--	--	--	--	--		
\$5,000 under \$10,000.....	*6	*2	*1,307	*132	--	--	--	--	--	--		
\$10,000 under \$15,000.....	--	--	*5,073	*736	--	--	--	--	--	--		
\$15,000 under \$20,000.....	--	--	10,958	3,114	--	--	*1,900	*2,890	--	--		
\$20,000 under \$25,000.....	*227	*71	10,301	1,902	--	--	*2,991	*2,096	--	--		
\$25,000 under \$30,000.....	--	--	15,230	2,045	*1,992	*279	*2,023	*3,409	--	--		
\$30,000 under \$40,000.....	*984	*150	28,351	9,967	--	--	*2,023	*1,418	--	--		
\$40,000 under \$50,000.....	*3,638	*2,268	28,442	4,750	--	--	*2,875	*927	--	--		
\$50,000 under \$75,000.....	17,839	9,029	59,188	9,749	*930	*763	*1,881	*7,221	--	--		
\$75,000 under \$100,000.....	187,033	69,587	30,993	9,020	*2,684	*504	*2,744	*7,775	--	--		
\$100,000 under \$200,000.....	605,643	723,925	20,311	4,212	**3,531	**26,924	*148	*471	--	--		
\$200,000 under \$500,000.....	228,729	536,054	5,259	3,650	**	**	*40	*49	--	--		
\$500,000 under \$1,000,000.....	38,562	125,141	1,121	416	*104	*1,346	--	--	--	--		
\$1,000,000 or more.....	21,415	82,231	1,100	1,416	223	7,757	*14	*24	--	--		
<b>Non-taxable returns, total.....</b>	<b>15,071</b>	<b>16,957</b>	<b>132,084</b>	<b>30,899</b>	<b>378</b>	<b>83,848</b>	<b>*3,144</b>	<b>*5,334</b>	<b>19,162,460</b>	<b>34,012,332</b>		

Footnotes at end of table.



**Table 3.3--All Returns: Tax Liability, Tax Credits, and Tax Payments, by Size of Adjusted Gross Income--Continued**  
 (All returns are estimates based on samples--money amounts are in thousands of dollars)

Size of adjusted gross income	Total				Overpayment				Tax due at time of filing				Predetermined estimated tax penalty	
	Number of returns	Amount	Refunded		Credited to 2004 estimated tax		Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
			(74)	(75)	(76)	(77)								
<b>All returns, total</b> .....	<b>105,361,848</b>	<b>254,553,541</b>	<b>102,004,984</b>	<b>219,751,889</b>	<b>5,199,186</b>	<b>34,801,652</b>	<b>21,072,333</b>	<b>73,741,408</b>	<b>4,829,886</b>	<b>619,485</b>				
No adjusted gross income.....	753,043	2,828,953	703,412	2,323,112	66,716	505,841	127,785	175,854	21,802	1,600				
\$1 under \$5,000.....	9,104,172	3,423,119	9,012,024	3,322,406	130,381	100,713	1,245,411	320,906	18,617	950				
\$5,000 under \$10,000.....	10,339,059	11,088,447	10,240,555	10,967,119	154,142	121,328	1,295,371	671,954	161,333	5,324				
\$10,000 under \$15,000.....	10,202,639	17,382,528	10,058,892	17,149,240	254,693	233,289	1,384,149	901,747	188,633	7,620				
\$15,000 under \$20,000.....	9,768,688	18,949,780	9,614,609	18,629,279	306,397	320,500	1,311,434	1,085,283	184,959	9,915				
\$20,000 under \$25,000.....	8,527,248	16,366,636	8,333,594	16,088,281	304,508	298,355	1,250,672	1,188,282	222,873	13,063				
\$25,000 under \$30,000.....	7,358,024	13,636,450	7,201,560	13,317,493	260,437	318,957	1,152,383	1,288,317	225,623	12,387				
\$30,000 under \$40,000.....	11,688,158	21,485,158	11,388,150	20,834,022	483,298	651,135	2,226,746	2,962,779	503,327	31,127				
\$40,000 under \$50,000.....	8,548,907	18,420,986	8,297,855	17,712,936	418,624	707,950	1,884,425	2,924,164	437,024	29,500				
\$50,000 under \$75,000.....	13,692,855	35,113,618	13,193,200	33,375,321	780,191	1,738,297	3,653,872	7,226,963	929,033	67,554				
\$75,000 under \$100,000.....	7,603,981	25,542,881	7,236,080	24,066,744	559,118	1,476,137	1,925,100	5,650,515	582,233	50,064				
\$100,000 under \$200,000.....	6,319,280	31,232,535	5,741,750	26,254,717	873,448	4,977,818	2,545,269	13,286,675	869,808	124,731				
\$200,000 under \$500,000.....	1,148,673	14,624,920	831,798	8,654,225	416,083	5,970,695	842,237	13,401,681	355,634	120,197				
\$500,000 under \$1,000,000.....	198,520	7,096,746	108,740	2,985,294	113,311	4,111,452	155,818	7,284,730	59,358	18,243				
\$1,000,000 under \$1,500,000.....	46,907	3,034,186	20,635	990,162	31,372	2,044,024	34,192	3,145,347	18,241	22,385				
\$1,500,000 under \$2,000,000.....	20,496	1,922,007	8,148	544,634	14,626	1,377,373	13,385	1,828,209	7,639	12,045				
\$2,000,000 under \$5,000,000.....	29,505	4,738,568	10,594	1,174,060	22,146	3,564,509	18,553	4,447,051	10,794	26,329				
\$5,000,000 under \$10,000,000.....	7,349	2,669,636	2,224	569,261	5,952	2,100,375	3,779	2,033,430	2,291	11,034				
\$10,000,000 or more.....	4,347	4,896,488	1,163	813,583	3,743	4,182,905	1,752	3,917,520	1,096	14,301				
<b>Taxable returns, total</b> .....	<b>70,092,196</b>	<b>178,685,247</b>	<b>67,129,776</b>	<b>145,316,025</b>	<b>4,554,992</b>	<b>33,369,221</b>	<b>18,744,508</b>	<b>71,565,718</b>	<b>4,372,966</b>	<b>596,018</b>				
No adjusted gross income.....	2,392	92,166	1,646	38,338	965	53,828	2,097	30,800	716	127				
\$1 under \$5,000.....	384,505	107,986	355,523	96,634	37,241	11,352	439,727	43,206	*6	(Z)				
\$5,000 under \$10,000.....	3,357,727	1,331,489	3,329,905	1,312,291	46,707	19,198	753,544	263,164	50,692	1,791				
\$10,000 under \$15,000.....	4,878,279	3,047,043	4,788,010	2,941,906	164,826	105,137	1,156,752	680,129	124,544	5,199				
\$15,000 under \$20,000.....	5,161,818	4,245,459	5,051,026	4,061,773	217,518	183,686	1,140,365	876,089	137,337	7,403				
\$20,000 under \$25,000.....	4,993,587	4,684,195	4,827,741	4,481,024	250,012	203,171	1,099,596	962,377	161,450	9,413				
\$25,000 under \$30,000.....	5,049,616	6,089,586	4,823,539	5,845,802	212,440	243,785	1,039,617	1,090,762	181,447	10,253				
\$30,000 under \$40,000.....	9,736,812	15,199,308	9,467,007	14,634,556	440,630	564,753	2,112,410	2,716,543	452,622	27,919				
\$40,000 under \$50,000.....	7,825,189	15,676,561	7,584,548	15,022,365	395,345	654,196	1,837,062	2,781,584	413,304	27,486				
\$50,000 under \$75,000.....	13,383,576	33,309,605	12,895,362	31,644,657	759,026	1,665,148	3,629,116	7,148,392	918,577	66,515				
\$75,000 under \$100,000.....	7,559,795	25,021,986	7,194,372	23,587,886	552,889	1,434,101	1,920,935	5,636,374	588,941	49,688				
\$100,000 under \$200,000.....	6,305,111	30,943,164	5,729,326	26,010,993	870,886	4,932,171	2,543,761	13,289,818	868,828	124,583				
\$200,000 under \$500,000.....	1,147,075	14,544,862	830,566	8,598,918	415,528	5,945,944	842,059	13,400,459	355,535	120,179				
\$500,000 under \$1,000,000.....	198,257	7,067,825	108,542	2,966,204	113,208	4,101,621	155,793	7,294,619	78,912	59,356				
\$1,000,000 or more.....	108,456	17,323,810	42,664	4,072,679	77,772	13,251,132	71,654	15,371,403	40,053	86,093				
<b>Nontaxable returns, total</b> .....	<b>35,269,653</b>	<b>75,868,294</b>	<b>34,875,208</b>	<b>74,435,864</b>	<b>644,194</b>	<b>1,432,431</b>	<b>2,327,824</b>	<b>2,175,690</b>	<b>456,920</b>	<b>23,468</b>				

\* Estimate should be used with caution due to the small number of sample returns on which it is based.

\*\* Data combined to avoid disclosure of information for specific taxpayers.

(Z) Less than \$500.

NOTE: Detail may not add to total because of rounding.

**Table 3.3CV--Coefficient of Variation for All Returns: Tax Liability, Tax Credits, and Tax Payments, by Size of Adjusted Gross Income**  
(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	All returns					Tax credits				
	Total		Child care credit		Amount	Total		Child care credit		Amount
	Number of returns	Amount	Number of returns	Amount		Number of returns	Amount	Number of returns	Amount	
	(1)	(2)	(3)	(4)	(5)					
<b>All returns, total.....</b>	<b>0.03</b>	<b>0.51</b>	<b>0.74</b>	<b>1.60</b>	<b>1.95</b>					
No adjusted gross income.....	1.64	28.73	21.05	98.58	99.28					
\$1 under \$5,000.....	1.11	15.08	35.33	--	--					
\$5,000 under \$10,000.....	1.08	4.20	5.01	70.67	86.85					
\$10,000 under \$15,000.....	1.11	3.02	4.11	15.71	19.92					
\$15,000 under \$20,000.....	1.16	2.23	2.93	7.95	9.35					
\$20,000 under \$25,000.....	1.26	2.02	2.51	6.44	7.38					
\$25,000 under \$30,000.....	1.37	2.16	2.54	6.55	7.61					
\$30,000 under \$40,000.....	1.04	1.73	2.08	4.81	5.74					
\$40,000 under \$50,000.....	1.07	1.79	2.21	5.03	5.99					
\$50,000 under \$75,000.....	0.77	1.36	1.68	3.46	4.17					
\$75,000 under \$100,000.....	0.94	1.67	2.20	4.16	5.07					
\$100,000 under \$200,000.....	0.97	1.86	3.37	3.91	4.94					
\$200,000 under \$500,000.....	1.00	1.78	6.87	4.56	5.61					
\$500,000 under \$1,000,000.....	1.15	1.66	7.07	**5.06	**5.97					
\$1,000,000 under \$1,500,000.....	1.40	1.89	6.63	**	**					
\$1,500,000 under \$2,000,000.....	1.21	1.64	7.18	**	**					
\$2,000,000 under \$5,000,000.....	0.64	0.82	3.81	**	**					
\$5,000,000 under \$10,000,000.....	0.71	0.83	2.50	**	**					
\$10,000,000 or more.....	--	--	--	**	**					
<b>Taxable returns, total.....</b>	<b>0.21</b>	<b>0.62</b>	<b>0.87</b>	<b>1.87</b>	<b>2.27</b>					
No adjusted gross income.....	17.19	21.27	25.21	98.58	99.28					
\$1 under \$5,000.....	4.48	17.82	27.63	--	--					
\$5,000 under \$10,000.....	2.04	7.80	8.75	--	--					
\$10,000 under \$15,000.....	1.66	4.73	6.91	--	--					
\$15,000 under \$20,000.....	1.61	4.60	6.95	70.69	83.61					
\$20,000 under \$25,000.....	1.65	3.80	5.79	60.22	70.45					
\$25,000 under \$30,000.....	1.65	3.44	4.18	13.86	15.94					
\$30,000 under \$40,000.....	1.14	2.15	2.65	6.96	8.01					
\$40,000 under \$50,000.....	1.13	1.97	2.45	5.87	6.94					
\$50,000 under \$75,000.....	0.78	1.40	1.71	3.57	4.29					
\$75,000 under \$100,000.....	0.95	1.68	2.18	4.19	5.10					
\$100,000 under \$200,000.....	0.97	1.86	3.26	3.91	4.94					
\$200,000 under \$500,000.....	1.00	1.78	6.98	4.56	5.61					
\$500,000 under \$1,000,000.....	1.16	1.66	7.17	**5.06	**5.97					
\$1,000,000 or more.....	0.62	0.79	1.71	**	**					
<b>Nontaxable returns, total.....</b>	<b>0.46</b>	<b>1.09</b>	<b>1.58</b>	<b>3.13</b>	<b>3.81</b>					

Footnotes at end of table.

**Table 3.3CV--Coefficient of Variation for All Returns: Tax Liability, Tax Credits, and Tax Payments, by Size of Adjusted Gross Income--Continued**  
(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	Tax credits--continued														
	Credit for the elderly and disabled		Child tax credit		Education credit		Retirement savings contribution credit		Adoption credit						
	Number of returns (6)	Amount (7)	Number of returns (8)	Amount (9)	Number of returns (10)	Amount (11)	Number of returns (12)	Amount (13)	Number of returns (14)	Amount (15)					
<b>All returns, total.....</b>	<b>11.93</b>	<b>14.64</b>	<b>0.71</b>	<b>0.85</b>	<b>1.52</b>	<b>1.94</b>	<b>1.76</b>	<b>2.32</b>	<b>15.91</b>	<b>20.31</b>					
No adjusted gross income.....	39.03	45.56	31.85	24.51	39.57	41.00	33.88	34.17	--	--					
\$1 under \$5,000.....	--	--	99.18	83.67	86.41	71.02	--	--	--	--					
\$5,000 under \$10,000.....	28.84	36.80	71.51	56.55	12.21	13.62	18.15	20.80	--	--					
\$10,000 under \$15,000.....	17.62	19.63	6.52	8.34	5.81	6.58	8.24	9.93	--	--					
\$15,000 under \$20,000.....	22.13	26.08	3.29	3.90	5.29	6.45	5.19	6.68	--	--					
\$20,000 under \$25,000.....	42.18	50.16	2.82	3.19	5.54	6.93	4.12	5.45	--	--					
\$25,000 under \$30,000.....	--	--	2.77	3.11	5.20	6.42	5.02	6.59	99.95	99.95					
\$30,000 under \$40,000.....	--	--	2.12	2.36	3.88	4.75	3.59	4.22	50.34	56.15					
\$40,000 under \$50,000.....	--	--	2.19	2.45	4.36	5.37	3.52	4.02	61.44	58.63					
\$50,000 under \$75,000.....	--	--	1.57	1.78	3.23	4.06	--	--	31.89	38.19					
\$75,000 under \$100,000.....	--	--	1.99	2.29	4.07	5.13	--	--	32.52	36.35					
\$100,000 under \$200,000.....	--	--	**2.62	**3.16	26.52	32.47	--	--	27.25	31.86					
\$200,000 under \$500,000.....	--	--	**	**	--	--	--	--	36.21	20.38					
\$500,000 under \$1,000,000.....	--	--	--	--	--	--	--	--	**75.13	--					
\$1,000,000 under \$1,500,000.....	--	--	--	--	--	--	--	--	**	**					
\$1,500,000 under \$2,000,000.....	--	--	--	--	--	--	--	--	**	**					
\$2,000,000 under \$5,000,000.....	--	--	--	--	--	--	--	--	--	--					
\$5,000,000 under \$10,000,000.....	--	--	--	--	--	--	--	--	--	--					
\$10,000,000 or more.....	--	--	--	--	--	--	--	--	--	--					
<b>Taxable returns, total.....</b>	<b>16.39</b>	<b>19.60</b>	<b>0.86</b>	<b>0.99</b>	<b>1.78</b>	<b>2.30</b>	<b>2.20</b>	<b>2.72</b>	<b>21.85</b>	<b>26.66</b>					
No adjusted gross income.....	42.11	45.82	24.26	28.40	48.48	51.53	47.13	50.16	--	--					
\$1 under \$5,000.....	--	--	91.83	91.83	--	--	--	--	--	--					
\$5,000 under \$10,000.....	99.84	95.86	98.75	98.75	60.22	65.30	99.92	98.75	--	--					
\$10,000 under \$15,000.....	26.01	27.94	99.87	99.87	9.78	11.62	12.27	14.50	--	--					
\$15,000 under \$20,000.....	23.96	28.03	27.47	27.64	7.90	9.83	6.99	8.79	--	--					
\$20,000 under \$25,000.....	48.24	62.14	14.07	14.48	7.27	9.10	5.50	7.35	--	--					
\$25,000 under \$30,000.....	--	--	5.26	5.50	6.94	8.78	7.96	10.26	--	--					
\$30,000 under \$40,000.....	--	--	2.82	3.07	4.62	5.78	4.16	4.85	86.52	71.99					
\$40,000 under \$50,000.....	--	--	2.46	2.71	4.91	6.19	3.78	4.30	99.97	99.97					
\$50,000 under \$75,000.....	--	--	1.61	1.81	3.33	4.20	--	--	50.47	59.37					
\$75,000 under \$100,000.....	--	--	2.00	2.29	4.10	5.17	--	--	57.65	68.91					
\$100,000 under \$200,000.....	--	--	**2.63	**3.17	26.67	32.85	--	--	28.60	31.34					
\$200,000 under \$500,000.....	--	--	**	**	--	--	--	--	82.48	82.48					
\$500,000 under \$1,000,000.....	--	--	--	--	--	--	--	--	**75.13	**23.53					
\$1,000,000 or more.....	--	--	--	--	--	--	--	--	**	**					
<b>Nontaxable returns, total.....</b>	<b>17.42</b>	<b>21.78</b>	<b>1.38</b>	<b>1.81</b>	<b>2.98</b>	<b>3.67</b>	<b>3.04</b>	<b>4.02</b>	<b>23.21</b>	<b>30.43</b>					

Footnotes at end of table.

**Table 3.3CV--Coefficient of Variation for All Returns: Tax Liability, Tax Credits, and Tax Payments, by Size of Adjusted Gross Income--Continued**  
(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	Tax credits--continued											
	Earned income credit used to offset income tax before credits		Minimum tax credit		Foreign tax credit		General business credit		Empowerment zone and community renewal credit			
	Number of returns (16)	Amount (17)	Number of returns (18)	Amount (19)	Number of returns (20)	Amount (21)	Number of returns (22)	Amount (23)	Number of returns (24)	Amount (25)		
<b>All returns, total</b> .....	<b>2.19</b>	<b>3.13</b>	<b>5.63</b>	<b>5.54</b>	<b>1.06</b>	<b>2.80</b>	<b>6.15</b>	<b>5.22</b>	<b>14.99</b>	<b>14.14</b>		
No adjusted gross income.....	**	**	**	**	69.33	41.70	--	--	**	**		
\$1 under \$5,000.....	--	--	**61.02	**29.13	15.64	23.10	99.95	99.95	--	--		
\$5,000 under \$10,000.....	**4.94	**5.7	--	--	15.73	25.60	99.95	99.95	--	--		
\$10,000 under \$15,000.....	6.01	10.08	71.44	71.84	12.26	27.15	70.56	77.42	**	**		
\$15,000 under \$20,000.....	7.61	9.63	76.80	96.24	10.48	34.73	49.85	57.13	--	--		
\$20,000 under \$25,000.....	4.82	5.90	73.04	61.40	10.19	31.93	63.87	71.25	**70.81	**73.19		
\$25,000 under \$30,000.....	4.19	5.20	54.48	64.43	10.18	37.05	55.58	61.31	99.95	99.95		
\$30,000 under \$40,000.....	8.69	12.28	39.00	52.63	7.04	26.69	25.95	27.35	98.39	98.39		
\$40,000 under \$50,000.....	--	--	30.17	44.47	6.68	28.61	22.25	31.80	99.95	99.95		
\$50,000 under \$75,000.....	--	--	17.07	23.00	4.06	16.53	16.03	22.27	69.25	70.38		
\$75,000 under \$100,000.....	--	--	18.51	32.55	4.43	23.34	18.61	28.64	75.24	85.17		
\$100,000 under \$200,000.....	--	--	9.13	14.13	2.73	11.04	11.05	18.33	48.85	47.33		
\$200,000 under \$500,000.....	--	--	8.80	15.48	1.90	8.19	11.41	15.41	**12.01	**24.20		
\$500,000 under \$1,000,000.....	--	--	6.82	17.53	1.77	8.43	6.61	12.19	**	**		
\$1,000,000 under \$1,500,000.....	--	--	6.77	15.28	2.00	5.71	5.71	12.25	10.85	15.84		
\$1,500,000 under \$2,000,000.....	--	--	6.34	13.44	1.72	8.81	5.26	11.98	10.02	30.10		
\$2,000,000 under \$5,000,000.....	--	--	3.58	7.54	0.84	4.78	2.60	5.53	7.37	17.76		
\$5,000,000 under \$10,000,000.....	--	--	2.58	6.04	0.87	3.01	1.96	3.91	5.72	5.90		
\$10,000,000 or more.....	--	--	--	--	--	--	--	--	--	--		
<b>Taxable returns, total</b> .....	<b>3.55</b>	<b>5.15</b>	<b>5.83</b>	<b>5.92</b>	<b>1.11</b>	<b>2.83</b>	<b>6.49</b>	<b>5.38</b>	<b>15.31</b>	<b>14.44</b>		
No adjusted gross income.....	**	**	--	--	49.01	44.03	--	--	**	**		
\$1 under \$5,000.....	--	--	--	--	17.82	28.18	--	--	--	--		
\$5,000 under \$10,000.....	**8.95	**9.33	--	--	19.06	32.89	--	--	--	--		
\$10,000 under \$15,000.....	7.05	8.21	--	--	14.36	31.58	70.56	77.42	**	**		
\$15,000 under \$20,000.....	99.95	99.95	99.95	99.95	11.87	17.95	70.67	70.67	--	--		
\$20,000 under \$25,000.....	15.97	16.76	83.44	93.38	10.78	34.25	90.81	83.18	**98.61	**95.74		
\$25,000 under \$30,000.....	5.44	6.58	80.11	98.02	11.16	32.50	59.80	67.97	--	--		
\$30,000 under \$40,000.....	11.12	16.24	54.42	91.58	7.53	21.00	36.52	40.64	--	--		
\$40,000 under \$50,000.....	--	--	31.26	45.39	6.92	31.47	23.73	34.75	99.95	99.95		
\$50,000 under \$75,000.....	--	--	19.05	26.44	4.14	16.51	17.26	25.58	78.26	85.79		
\$75,000 under \$100,000.....	--	--	19.45	33.45	4.47	23.82	19.24	29.95	75.24	85.17		
\$100,000 under \$200,000.....	--	--	9.21	14.34	2.73	11.11	11.22	18.74	48.95	47.47		
\$200,000 under \$500,000.....	--	--	8.92	17.36	1.90	8.23	11.45	15.68	**12.01	**24.22		
\$500,000 under \$1,000,000.....	--	--	6.68	18.76	1.77	8.47	6.62	12.25	**	**		
\$1,000,000 or more.....	--	--	3.33	5.10	0.82	2.03	2.40	2.82	5.56	9.31		
<b>Nontaxable returns, total</b> .....	<b>2.85</b>	<b>3.99</b>	<b>21.31</b>	<b>13.80</b>	<b>8.27</b>	<b>19.92</b>	<b>18.72</b>	<b>21.50</b>	<b>63.13</b>	<b>57.44</b>		

Footnotes at end of table.

**Table 3.3CV--Coefficient of Variation for All Returns: Tax Liability, Tax Credits, and Tax Payments, by Size of Adjusted Gross Income--Continued**

(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	Tax credits--continued									
	Nonconventional source fuel credit		Rate reduction credit		New York liberty zone credit		Other tax credits			
	(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)		
All returns, total.....	34.07	39.52	6.27	6.83	23.94	36.65	15.95	15.98		
No adjusted gross income.....	--	--	--	--	43.43	10.35	--	--		
\$1 under \$5,000.....	--	--	--	--	--	--	--	--		
\$5,000 under \$10,000.....	99.95	99.95	27.45	30.32	--	--	--	--		
\$10,000 under \$15,000.....	--	--	20.48	22.13	--	--	99.97	99.97		
\$15,000 under \$20,000.....	--	--	16.77	18.02	--	--	99.97	99.97		
\$20,000 under \$25,000.....	--	--	15.66	17.29	--	--	99.97	99.97		
\$25,000 under \$30,000.....	--	--	15.57	16.61	--	--	61.72	89.99		
\$30,000 under \$40,000.....	99.76	99.76	17.46	18.32	--	--	70.59	99.33		
\$40,000 under \$50,000.....	82.49	82.49	21.84	22.28	--	--	42.93	84.10		
\$50,000 under \$75,000.....	99.95	99.95	19.75	20.70	--	--	26.98	42.10		
\$75,000 under \$100,000.....	69.63	99.61	**	**	--	--	43.35	60.65		
\$100,000 under \$200,000.....	70.28	96.67	**24.16	**24.11	64.29	59.60	48.37	76.80		
\$200,000 under \$500,000.....	**22.55	**18.25	29.17	28.76	**24.56	**40.32	**18.99	**28.91		
\$500,000 under \$1,000,000.....	**	**	33.99	35.65	**	**	**	**		
\$1,000,000 under \$1,500,000.....	**	**	39.53	41.62	**	**	18.40	60.56		
\$1,500,000 under \$2,000,000.....	**	**	46.84	48.25	**	**	19.53	41.26		
\$2,000,000 under \$5,000,000.....	**	**	18.28	18.24	**	**	9.82	28.65		
\$5,000,000 under \$10,000,000.....	**	**	18.24	18.46	**	**	5.84	31.36		
\$10,000,000 or more.....	**	**	--	--	**	**	--	--		
<b>Taxable returns, total.....</b>	<b>36.05</b>	<b>39.81</b>	<b>6.96</b>	<b>7.47</b>	<b>24.79</b>	<b>37.52</b>	<b>16.88</b>	<b>15.75</b>		
No adjusted gross income.....	--	--	--	--	48.23	0.70	--	--		
\$1 under \$5,000.....	--	--	--	--	--	--	--	--		
\$5,000 under \$10,000.....	--	--	30.38	32.47	--	--	--	--		
\$10,000 under \$15,000.....	--	--	21.79	23.02	--	--	99.97	99.97		
\$15,000 under \$20,000.....	--	--	19.37	20.65	--	--	--	--		
\$20,000 under \$25,000.....	--	--	21.28	22.32	--	--	99.97	99.97		
\$25,000 under \$30,000.....	--	--	17.69	18.93	--	--	99.95	99.95		
\$30,000 under \$40,000.....	99.76	99.76	18.48	19.38	--	--	99.68	96.09		
\$40,000 under \$50,000.....	82.49	82.49	22.49	23.02	--	--	43.42	84.13		
\$50,000 under \$75,000.....	99.95	99.95	20.36	21.09	--	--	27.99	44.57		
\$75,000 under \$100,000.....	69.63	99.61	**	**	--	--	43.35	60.65		
\$100,000 under \$200,000.....	70.28	96.67	**24.17	**24.11	75.52	70.69	48.37	76.80		
\$200,000 under \$500,000.....	**22.65	**18.51	8.00	28.79	**24.67	**40.44	**19.03	**29.12		
\$500,000 under \$1,000,000.....	**	**	33.99	35.65	**	**	**	**		
\$1,000,000 or more.....	**	**	21.94	24.25	**	**	9.39	6.33		
<b>Nontaxable returns, total.....</b>	<b>99.53</b>	<b>18.23</b>	<b>14.44</b>	<b>16.82</b>	<b>85.12</b>	<b>82.73</b>	<b>48.68</b>	<b>66.53</b>		

Footnotes at end of table.

**Table 3.3CV--Coefficient of Variation for All Returns: Tax Liability, Tax Credits, and Tax Payments, by Size of Adjusted Gross Income--Continued**  
(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	Income tax after credits		Form 4970 tax-credits accumulation distribution		Total income tax		Total		All other taxes	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
<b>All returns, total.....</b>	<b>0.21</b>	<b>0.21</b>	<b>30.89</b>	<b>10.53</b>	<b>0.21</b>	<b>0.21</b>	<b>0.56</b>	<b>0.85</b>	<b>1.68</b>	<b>2.62</b>
No adjusted gross income.....	17.21	10.29	--	--	17.19	10.28	4.83	6.05	12.03	16.05
\$1 under \$5,000.....	4.48	22.18	--	--	4.48	22.18	2.99	5.69	13.41	23.21
\$5,000 under \$10,000.....	2.04	2.74	--	--	2.04	2.74	2.42	2.93	10.57	16.21
\$10,000 under \$15,000.....	1.66	1.88	--	--	1.66	1.88	2.49	3.07	7.87	12.61
\$15,000 under \$20,000.....	1.61	1.85	--	--	1.61	1.85	2.93	3.82	7.36	11.44
\$20,000 under \$25,000.....	1.65	1.86	--	--	1.65	1.86	3.17	4.47	7.07	10.02
\$25,000 under \$30,000.....	1.65	1.90	--	--	1.65	1.90	3.36	4.96	6.94	9.83
\$30,000 under \$40,000.....	1.14	1.30	--	--	1.14	1.30	2.50	3.78	4.94	6.58
\$40,000 under \$50,000.....	1.13	1.37	--	--	1.13	1.37	2.67	4.20	5.04	7.79
\$50,000 under \$75,000.....	0.78	0.91	--	--	0.78	0.91	1.92	3.13	3.64	5.16
\$75,000 under \$100,000.....	0.95	1.08	--	--	0.95	1.08	2.54	3.65	5.00	7.34
\$100,000 under \$200,000.....	0.97	0.91	--	--	0.97	0.91	2.00	2.25	4.76	6.34
\$200,000 under \$500,000.....	1.00	0.90	--	--	1.00	0.90	1.73	2.27	6.38	11.55
\$500,000 under \$1,000,000.....	1.16	1.06	--	--	1.16	1.06	1.85	2.62	9.76	26.60
\$1,000,000 under \$1,500,000.....	1.40	1.37	66.23	76.76	1.40	1.37	2.13	3.21	11.97	30.18
\$1,500,000 under \$2,000,000.....	1.22	1.28	93.64	93.64	1.22	1.28	1.97	3.41	10.81	26.10
\$2,000,000 under \$5,000,000.....	0.64	0.59	**29.37	**0.70	0.64	0.59	1.04	2.43	6.65	18.71
\$5,000,000 under \$10,000,000.....	0.71	0.62	--	--	0.71	0.62	0.94	2.25	6.30	7.00
\$10,000,000 or more.....	--	--	--	--	--	--	--	--	--	--
<b>Taxable returns, total.....</b>	<b>0.21</b>	<b>0.21</b>	<b>30.89</b>	<b>10.53</b>	<b>0.21</b>	<b>0.21</b>	<b>0.79</b>	<b>1.03</b>	<b>1.89</b>	<b>2.84</b>
No adjusted gross income.....	17.21	10.29	--	--	17.19	10.28	27.61	20.47	55.26	34.55
\$1 under \$5,000.....	4.48	22.18	--	--	4.48	22.18	18.90	25.31	53.30	83.96
\$5,000 under \$10,000.....	2.04	2.74	--	--	2.04	2.74	7.55	9.54	23.24	40.08
\$10,000 under \$15,000.....	1.66	1.88	--	--	1.66	1.88	4.85	6.21	11.86	19.36
\$15,000 under \$20,000.....	1.61	1.85	--	--	1.61	1.85	4.61	6.13	11.18	18.87
\$20,000 under \$25,000.....	1.65	1.86	--	--	1.65	1.86	4.59	6.69	9.90	13.47
\$25,000 under \$30,000.....	1.65	1.90	--	--	1.65	1.90	4.42	6.67	8.96	12.79
\$30,000 under \$40,000.....	1.14	1.30	--	--	1.14	1.30	2.90	4.53	5.59	7.45
\$40,000 under \$50,000.....	1.13	1.37	--	--	1.13	1.37	2.90	4.58	5.35	8.29
\$50,000 under \$75,000.....	0.78	0.91	--	--	0.78	0.91	1.97	3.25	3.70	5.25
\$75,000 under \$100,000.....	0.95	1.08	--	--	0.95	1.08	2.55	3.68	5.01	7.37
\$100,000 under \$200,000.....	0.97	0.91	--	--	0.97	0.91	2.00	2.26	4.76	6.35
\$200,000 under \$500,000.....	1.00	0.90	--	--	1.00	0.90	1.73	2.28	6.39	11.57
\$500,000 under \$1,000,000.....	1.16	1.06	--	--	1.16	1.06	1.85	2.62	9.77	26.64
\$1,000,000 or more.....	0.62	0.30	30.89	10.53	0.62	0.30	0.98	1.33	6.65	15.86
<b>Nontaxable returns, total.....</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>1.05</b>	<b>1.71</b>	<b>3.77</b>	<b>5.27</b>

Footnotes at end of table.

**Table 3.3CV--Coefficient of Variation for All Returns: Tax Liability, Tax Credits, and Tax Payments, by Size of Adjusted Gross Income--Continued**  
(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	All other taxes--continued										Earned income credit used to offset other taxes		Total tax liability	
	Self-employment tax		Social security taxes on tip income		Household employment tax		Number of returns		Amount		Number of returns		Amount	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
(44)	(45)	(46)	(47)	(48)	(49)	(50)	(51)	(52)	(53)					
<b>All returns, total.....</b>	0.54	0.92	5.66	11.87	5.65	6.87	1.43	2.02	0.20	0.20				
No adjusted gross income.....	5.28	6.82	54.50	74.43	34.19	19.83	8.17	12.42	5.27	5.86				
\$1 under \$5,000.....	3.07	4.17	21.73	26.46	71.40	95.07	4.27	6.04	2.77	7.47				
\$5,000 under \$10,000.....	2.49	2.95	15.92	25.19	49.91	56.07	3.06	3.97	1.82	2.63				
\$10,000 under \$15,000.....	2.62	3.14	14.16	23.60	46.09	64.17	3.57	4.27	1.58	1.97				
\$15,000 under \$20,000.....	3.18	3.98	20.01	30.86	58.74	64.65	4.77	5.97	1.56	1.83				
\$20,000 under \$25,000.....	3.50	4.69	21.55	32.25	69.93	69.46	5.20	6.70	1.60	1.82				
\$25,000 under \$30,000.....	3.76	5.26	31.66	42.82	49.74	61.61	6.16	7.81	1.61	1.86				
\$30,000 under \$40,000.....	2.83	4.07	22.58	29.90	49.97	83.60	8.77	10.03	1.13	1.27				
\$40,000 under \$50,000.....	3.09	4.63	25.55	52.07	43.66	53.61	--	--	1.12	1.35				
\$50,000 under \$75,000.....	2.24	3.51	16.04	38.10	31.19	46.29	--	--	0.78	0.91				
\$75,000 under \$100,000.....	2.92	4.05	19.37	43.92	27.65	40.12	--	--	0.95	1.07				
\$100,000 under \$200,000.....	2.16	2.43	16.32	37.19	12.74	16.73	--	--	0.97	0.89				
\$200,000 under \$500,000.....	1.82	2.35	27.22	63.64	6.61	11.97	--	--	1.00	0.89				
\$500,000 under \$1,000,000.....	1.97	2.69	50.13	67.76	5.23	8.97	--	--	1.16	1.05				
\$1,000,000 under \$1,500,000.....	2.27	3.43	66.24	77.16	4.96	7.93	--	--	1.40	1.37				
\$1,500,000 under \$2,000,000.....	2.16	3.65	93.71	93.71	4.27	7.05	--	--	1.22	1.28				
\$2,000,000 under \$5,000,000.....	1.17	2.23	40.29	81.17	2.14	3.62	--	--	0.64	0.59				
\$5,000,000 under \$10,000,000.....	1.06	1.91	35.95	26.74	1.55	2.05	--	--	0.71	0.62				
\$10,000,000 or more.....	--	--	--	--	--	--	--	--	--	--				
<b>Taxable returns, total.....</b>	0.84	1.12	7.10	16.16	5.82	6.08	--	--	0.21	0.20				
No adjusted gross income.....	30.07	24.98	--	--	18.19	9.26	--	--	17.19	9.58				
\$1 under \$5,000.....	20.93	27.37	**74.94	**70.61	--	--	--	--	4.48	20.25				
\$5,000 under \$10,000.....	8.15	9.90	28.01	41.75	--	--	--	--	2.04	3.00				
\$10,000 under \$15,000.....	5.39	6.50	20.63	39.12	63.97	73.27	--	--	1.66	2.03				
\$15,000 under \$20,000.....	5.06	6.42	38.52	56.38	95.90	82.72	--	--	1.61	1.88				
\$20,000 under \$25,000.....	5.17	7.10	32.04	52.17	--	--	--	--	1.65	1.86				
\$25,000 under \$30,000.....	5.07	7.16	35.31	44.49	42.71	53.66	--	--	1.65	1.89				
\$30,000 under \$40,000.....	3.36	4.94	25.22	34.08	53.73	65.70	--	--	1.14	1.29				
\$40,000 under \$50,000.....	3.38	5.10	27.50	53.79	47.29	60.78	--	--	1.13	1.36				
\$50,000 under \$75,000.....	2.31	3.66	16.20	38.72	40.46	39.33	--	--	0.78	0.91				
\$75,000 under \$100,000.....	2.95	4.08	19.37	43.92	29.80	43.98	--	--	0.95	1.07				
\$100,000 under \$200,000.....	2.17	2.44	16.32	37.19	12.96	14.69	--	--	0.97	0.89				
\$200,000 under \$500,000.....	1.82	2.35	27.24	63.65	6.63	12.30	--	--	1.00	0.89				
\$500,000 under \$1,000,000.....	1.97	2.69	50.13	67.76	5.24	9.08	--	--	1.16	1.05				
\$1,000,000 or more.....	1.08	1.46	29.90	77.93	1.99	2.31	--	--	0.62	0.30				
<b>Nontaxable returns, total.....</b>	1.06	1.74	9.38	14.68	18.32	22.93	1.43	2.02	1.61	2.65				

Footnotes at end of table.

**Table 3.3CV--Coefficient of Variation for All Returns: Tax Liability, Tax Credits, and Tax Payments, by Size of Adjusted Gross Income--Continued**  
(Coefficient of variation for number of returns and amount, (percent))

Size of adjusted gross income	Tax payments											
	Total		Income tax withheld		Estimated tax payments		Additional child tax credit		Payments with request for extension of filing time			
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount		
(54)	(55)	(56)	(57)	(58)	(59)	(60)	(61)	(62)	(63)			
All returns, total.....	0.10	0.19	0.12	0.25	0.92	0.61	1.08	1.43	2.42	0.88		
No adjusted gross income.....	3.06	3.36	3.52	4.44	6.52	5.27	7.97	9.76	14.40	11.23		
\$1 under \$5,000.....	1.33	3.27	1.36	3.06	7.36	13.16	17.29	22.17	15.84	27.90		
\$5,000 under \$10,000.....	1.24	2.01	1.27	1.95	5.82	9.59	11.83	15.88	16.37	19.48		
\$10,000 under \$15,000.....	1.23	1.53	1.27	1.55	4.64	6.10	2.60	3.25	16.32	20.63		
\$15,000 under \$20,000.....	1.22	1.49	1.26	1.49	4.43	6.36	2.40	2.60	15.32	21.81		
\$20,000 under \$25,000.....	1.30	1.50	1.33	1.53	4.70	6.28	2.72	3.07	15.68	19.43		
\$25,000 under \$30,000.....	1.39	1.57	1.43	1.61	4.94	5.95	3.26	3.80	14.92	22.89		
\$30,000 under \$40,000.....	1.05	1.17	1.08	1.21	3.58	4.45	3.14	3.93	12.04	13.34		
\$40,000 under \$50,000.....	1.08	1.24	1.11	1.29	3.64	4.58	4.99	6.72	12.74	17.83		
\$50,000 under \$75,000.....	0.77	0.89	0.78	0.92	2.56	3.34	7.41	9.79	8.17	10.49		
\$75,000 under \$100,000.....	0.95	1.07	0.98	1.12	3.09	3.70	20.47	27.94	9.43	11.82		
\$100,000 under \$200,000.....	0.98	0.94	1.02	1.05	2.02	2.18	41.46	40.11	4.81	6.40		
\$200,000 under \$500,000.....	1.00	0.94	1.11	1.21	1.54	1.70	—	—	3.22	3.73		
\$500,000 under \$1,000,000.....	1.16	1.11	1.33	1.55	1.55	1.79	—	—	2.92	3.38		
\$1,000,000 under \$1,500,000.....	1.40	1.40	1.59	2.04	1.70	1.91	—	—	2.70	3.14		
\$1,500,000 under \$2,000,000.....	1.22	1.35	1.38	1.94	1.52	1.95	—	—	2.51	3.23		
\$2,000,000 under \$5,000,000.....	0.64	0.63	0.74	1.07	0.79	0.96	—	—	1.20	1.43		
\$5,000,000 under \$10,000,000.....	0.71	0.62	0.78	1.04	0.78	0.80	—	—	0.96	0.96		
\$10,000,000 or more.....	—	—	—	—	—	—	—	—	—	—		
<b>Taxable returns, total.....</b>	<b>0.22</b>	<b>0.20</b>	<b>0.24</b>	<b>0.26</b>	<b>0.99</b>	<b>0.62</b>	<b>16.86</b>	<b>18.90</b>	<b>2.55</b>	<b>0.88</b>		
No adjusted gross income.....	18.90	8.79	23.75	14.05	25.99	13.20	40.10	22.80	41.36	11.63		
\$1 under \$5,000.....	6.05	19.03	6.52	23.65	17.58	22.77	—	—	23.72	65.55		
\$5,000 under \$10,000.....	2.14	2.57	2.17	2.61	11.97	14.57	—	—	29.06	34.90		
\$10,000 under \$15,000.....	1.75	1.98	1.81	2.01	6.15	8.11	—	—	22.44	29.25		
\$15,000 under \$20,000.....	1.67	1.86	1.73	1.91	5.33	6.86	—	—	19.06	28.46		
\$20,000 under \$25,000.....	1.68	1.84	1.74	1.90	5.36	6.92	99.97	99.97	18.97	22.72		
\$25,000 under \$30,000.....	1.67	1.82	1.72	1.88	5.58	6.80	51.60	50.99	17.08	26.27		
\$30,000 under \$40,000.....	1.16	1.26	1.19	1.30	3.83	4.79	31.61	35.78	13.52	15.44		
\$40,000 under \$50,000.....	1.14	1.29	1.17	1.34	3.78	4.76	34.39	38.93	13.64	18.92		
\$50,000 under \$75,000.....	0.78	0.90	0.80	0.93	2.60	3.32	30.60	33.36	8.65	11.26		
\$75,000 under \$100,000.....	0.96	1.07	0.98	1.12	3.11	3.72	—	—	9.57	12.12		
\$100,000 under \$200,000.....	0.98	0.94	1.02	1.05	2.02	2.19	86.67	83.08	4.83	6.44		
\$200,000 under \$500,000.....	1.00	0.94	1.11	1.21	1.54	1.70	—	—	3.22	3.73		
\$500,000 under \$1,000,000.....	1.17	1.11	1.33	1.55	1.55	1.79	—	—	2.93	3.38		
\$1,000,000 or more.....	0.62	0.31	0.72	0.61	0.75	0.47	—	—	1.11	0.51		
<b>Nontaxable returns, total.....</b>	<b>0.56</b>	<b>1.09</b>	<b>0.58</b>	<b>1.08</b>	<b>2.72</b>	<b>3.98</b>	<b>1.08</b>	<b>1.43</b>	<b>7.52</b>	<b>8.01</b>		

Footnotes at end of table.



**Table 3.3CV--Coefficient of Variation for All Returns: Tax Liability, Tax Credits, and Tax Payments, by Size of Adjusted Gross Income--Continued**  
(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	Tax payments--continued										Earned income credit refundable portion	
	Excess social security taxes withheld		Credit for Federal tax on gasoline and special fuels		Credit from regulated investment companies		Health insurance credit		Amount		Number of returns	
	(64)	(65)	(66)	(67)	(68)	(69)	(70)	(71)	(72)	(73)	Amount	Number of returns
<b>All returns, total.....</b>	3.07	3.17	5.19	9.71	30.57	11.86	27.95	28.12	0.80	1.03		
No adjusted gross income.....	40.19	36.76	12.97	13.88	**0.00	**0.00	--	--	7.80	11.26		
\$1 under \$5,000.....	70.62	72.76	23.80	26.38	--	--	--	--	2.61	3.50		
\$5,000 under \$10,000.....	89.92	63.15	24.06	58.63	--	--	99.97	99.97	1.97	2.50		
\$10,000 under \$15,000.....	88.28	72.07	19.91	33.61	**	**	--	--	2.15	2.36		
\$15,000 under \$20,000.....	82.48	82.48	20.40	36.13	**	**	70.67	84.04	2.29	2.47		
\$20,000 under \$25,000.....	68.52	84.95	23.41	27.67	99.86	99.86	75.28	78.39	2.49	2.80		
\$25,000 under \$30,000.....	99.82	99.97	19.59	27.61	99.97	99.97	99.98	99.98	3.22	3.66		
\$30,000 under \$40,000.....	61.39	67.40	16.20	39.79	--	--	75.41	77.69	5.07	6.01		
\$40,000 under \$50,000.....	47.22	72.03	18.16	30.91	75.02	71.94	82.65	75.10	--	--		
\$50,000 under \$75,000.....	29.16	40.53	14.05	18.39	99.61	84.85	64.41	60.39	--	--		
\$75,000 under \$100,000.....	10.03	12.86	19.97	34.82	58.69	61.04	56.46	60.61	--	--		
\$100,000 under \$200,000.....	4.43	5.58	19.73	24.72	**49.19	**53.59	99.66	99.66	--	--		
\$200,000 under \$500,000.....	3.75	4.84	19.61	38.22	**	**	98.74	98.74	--	--		
\$500,000 under \$1,000,000.....	4.59	6.30	17.14	17.26	55.90	46.56	--	--	--	--		
\$1,000,000 under \$1,500,000.....	4.52	5.94	23.35	35.92	59.35	38.57	--	--	--	--		
\$1,500,000 under \$2,000,000.....	4.16	7.97	16.71	45.65	93.38	90.83	93.69	93.69	--	--		
\$2,000,000 under \$5,000,000.....	2.21	2.86	8.40	17.45	23.83	46.58	58.22	68.50	--	--		
\$5,000,000 under \$10,000,000.....	1.96	2.57	5.01	3.66	19.91	78.46	--	--	--	--		
\$10,000,000 or more.....	--	--	--	--	--	--	--	--	--	--		
<b>Taxable returns, total.....</b>	3.09	3.19	6.84	13.16	31.37	36.84	30.42	30.12	0.80	1.03		
No adjusted gross income.....	55.44	24.42	78.33	36.13	--	--	--	--	--	--		
\$1 under \$5,000.....	99.97	99.97	93.69	93.69	--	--	--	--	--	--		
\$5,000 under \$10,000.....	91.53	91.53	77.59	84.03	--	--	--	--	--	--		
\$10,000 under \$15,000.....	--	--	40.79	45.55	--	--	--	--	--	--		
\$15,000 under \$20,000.....	--	--	30.30	60.03	--	--	70.67	84.04	--	--		
\$20,000 under \$25,000.....	99.78	99.78	30.93	36.29	--	--	75.28	78.39	--	--		
\$25,000 under \$30,000.....	--	--	25.93	29.41	99.97	99.97	99.98	99.98	--	--		
\$30,000 under \$40,000.....	99.65	97.48	19.22	47.27	--	--	99.98	99.98	--	--		
\$40,000 under \$50,000.....	48.59	72.62	20.23	34.08	75.02	71.94	99.95	99.95	--	--		
\$50,000 under \$75,000.....	30.21	45.37	14.28	18.97	99.61	84.85	64.41	60.39	--	--		
\$75,000 under \$100,000.....	10.07	12.95	19.97	34.82	58.69	61.04	58.46	60.61	--	--		
\$100,000 under \$200,000.....	4.44	5.58	19.74	24.95	**49.23	**53.65	99.66	99.66	--	--		
\$200,000 under \$500,000.....	3.75	4.84	19.69	38.46	**	**	98.74	98.74	--	--		
\$500,000 under \$1,000,000.....	4.59	6.30	17.22	17.58	55.90	46.56	--	--	--	--		
\$1,000,000 or more.....	2.15	2.94	7.52	11.25	22.39	21.04	58.93	57.52	--	--		
<b>Nontaxable returns, total.....</b>	28.07	28.20	8.20	13.84	96.96	0.17	70.18	76.33	0.80	1.03		

Footnotes at end of table.

**Table 3.3CV--Coefficient of Variation for All Returns: Tax Liability, Tax Credits, and Tax Payments, by Size of Adjusted Gross Income--Continued**  
(Coefficient of variation for number of returns and amount (percent))

Size of adjusted gross income	Overpayment						Tax due at time of filing		Predetermined estimated tax penalty	
	Total		Refunded		Credited to 2004 estimated tax		Number of returns	Amount	Number of returns	Amount
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount				
	(74)	(75)	(76)	(77)	(78)	(79)	(80)	(81)	(82)	(83)
<b>All returns, total.....</b>	<b>0.16</b>	<b>0.38</b>	<b>0.17</b>	<b>0.42</b>	<b>1.40</b>	<b>0.90</b>	<b>0.73</b>	<b>0.81</b>	<b>1.42</b>	<b>1.69</b>
No adjusted gross income.....	3.12	3.29	3.28	3.52	8.75	7.42	6.92	7.75	11.87	11.77
\$1 under \$5,000.....	1.30	2.39	1.31	2.40	9.77	17.10	3.21	4.85	20.94	25.62
\$5,000 under \$10,000.....	1.23	1.88	1.23	1.89	9.16	11.96	3.32	4.53	8.65	9.79
\$10,000 under \$15,000.....	1.23	1.77	1.25	1.78	7.37	11.39	3.29	4.58	7.77	8.82
\$15,000 under \$20,000.....	1.27	1.76	1.28	1.78	6.71	10.74	3.38	4.88	7.88	9.32
\$20,000 under \$25,000.....	1.38	1.86	1.40	1.88	6.82	8.86	3.50	5.31	7.48	11.85
\$25,000 under \$30,000.....	1.50	1.95	1.52	1.97	7.27	9.76	3.60	5.31	7.35	9.89
\$30,000 under \$40,000.....	1.16	1.48	1.18	1.50	5.32	6.91	2.59	3.97	4.99	6.67
\$40,000 under \$50,000.....	1.24	1.64	1.26	1.66	5.66	7.75	2.73	4.30	5.22	9.05
\$50,000 under \$75,000.....	0.92	1.32	0.95	1.35	4.05	5.95	1.92	3.00	3.64	6.17
\$75,000 under \$100,000.....	1.16	1.72	1.20	1.78	4.74	5.57	2.67	3.98	4.59	6.88
\$100,000 under \$200,000.....	1.27	1.66	1.37	1.83	2.99	3.40	1.97	2.41	3.04	4.84
\$200,000 under \$500,000.....	1.47	2.01	1.87	2.65	2.22	2.79	1.69	2.23	2.46	3.73
\$500,000 under \$1,000,000.....	1.65	2.39	2.49	3.70	2.10	2.77	1.99	2.64	2.72	4.36
\$1,000,000 under \$1,500,000.....	1.84	2.23	2.98	3.69	2.21	2.65	2.38	3.08	3.03	5.44
\$1,500,000 under \$2,000,000.....	1.66	2.48	2.78	4.34	2.01	2.77	2.14	3.08	2.91	5.75
\$2,000,000 under \$5,000,000.....	0.88	1.29	1.70	2.52	1.03	1.42	1.26	1.65	1.65	4.43
\$5,000,000 under \$10,000,000.....	0.84	0.88	1.63	1.59	0.91	1.00	1.36	1.46	1.59	2.78
\$10,000,000 or more.....	—	—	—	—	—	—	—	—	—	—
<b>Taxable returns, total.....</b>	<b>0.30</b>	<b>0.46</b>	<b>0.32</b>	<b>0.53</b>	<b>1.51</b>	<b>0.93</b>	<b>0.79</b>	<b>0.83</b>	<b>1.50</b>	<b>1.74</b>
No adjusted gross income.....	24.65	10.37	32.12	13.93	29.27	14.25	24.13	14.31	27.60	19.79
\$1 under \$5,000.....	6.89	13.94	7.21	15.13	20.20	27.07	5.99	9.33	91.83	91.83
\$5,000 under \$10,000.....	2.30	3.01	2.31	3.02	17.35	20.87	4.68	7.48	17.08	18.53
\$10,000 under \$15,000.....	1.88	2.33	1.90	2.31	9.55	17.83	3.70	5.39	9.59	10.81
\$15,000 under \$20,000.....	1.82	2.29	1.84	2.26	8.24	14.52	3.71	5.49	9.37	11.04
\$20,000 under \$25,000.....	1.85	2.42	1.89	2.47	7.71	10.24	3.79	5.99	8.78	15.10
\$25,000 under \$30,000.....	1.84	2.34	1.87	2.36	8.26	11.39	3.85	5.79	8.24	11.22
\$30,000 under \$40,000.....	1.29	1.65	1.31	1.67	5.66	7.53	2.69	4.21	5.34	7.19
\$40,000 under \$50,000.....	1.31	1.74	1.34	1.76	5.86	8.10	2.78	4.45	5.40	9.56
\$50,000 under \$75,000.....	0.94	1.32	0.96	1.34	4.14	6.15	1.93	3.03	3.67	6.26
\$75,000 under \$100,000.....	1.16	1.71	1.21	1.77	4.78	5.68	2.68	3.99	4.60	6.93
\$100,000 under \$200,000.....	1.27	1.66	1.37	1.83	3.00	3.41	1.97	2.41	3.04	4.84
\$200,000 under \$500,000.....	1.47	2.02	1.88	2.67	2.22	2.81	1.69	2.23	2.46	3.73
\$500,000 under \$1,000,000.....	1.66	2.40	2.50	3.73	2.11	2.78	1.99	2.64	2.72	4.36
\$1,000,000 or more.....	0.84	0.58	1.56	1.29	0.97	0.63	1.21	0.87	1.52	2.13
<b>Non-taxable returns, total.....</b>	<b>0.53</b>	<b>0.81</b>	<b>0.54</b>	<b>0.82</b>	<b>4.00</b>	<b>4.46</b>	<b>2.06</b>	<b>3.12</b>	<b>4.72</b>	<b>5.59</b>

\*\* Data combined to avoid disclosure of information for specific taxpayers.

**Table 3.4--Returns with Modified Taxable Income: Tax Classified by Both the Marginal Rate and Each Rate at Which Tax Was Computed**

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Tax rate classes	Classified by the highest marginal rate at which tax was computed								
	Number of returns	Adjusted gross income less deficit	Modified taxable income		Tax generated		Income tax after credits		
			At all rates	At marginal rate	At all rates	At marginal rate	Total	As a percentage of	
								Adjusted gross income	Modified taxable income
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
<b>All returns</b>									
All tax rates.....	101,386,201	6,056,906,001	4,206,592,864	1,476,381,921	780,309,227	331,464,700	747,690,732	12.3	17.8
5 percent.....	678,141	14,989,722	4,130,293	4,115,356	208,010	205,768	262,065	1.7	6.3
8 percent.....	68,473	1,841,020	720,891	393,867	47,862	31,509	42,418	2.3	5.9
10 percent.....	23,243,875	416,481,979	106,142,753	106,135,364	10,615,439	10,613,536	5,354,716	1.3	5.0
10 percent (capital gains).....	2,583,832	59,446,450	19,866,025	1,240,723	1,689,343	124,072	1,339,994	2.3	6.7
10 percent (Form 8814).....	13,826	-295,440	8,681	8,681	870	870	492	(X)	5.7
15 percent.....	40,997,696	1,662,347,629	1,000,557,078	574,796,758	128,796,537	86,219,514	108,471,544	6.5	10.8
15 percent (capital gains).....	6,474,523	401,021,331	259,768,302	48,385,193	33,235,065	7,257,779	31,088,912	7.8	12.0
20 percent.....	430,386	82,983,621	67,771,415	28,642,759	10,720,608	5,728,552	10,961,066	13.2	16.2
25 percent.....	15,578,547	1,190,502,522	887,311,030	238,553,113	148,923,302	59,638,278	145,051,874	12.2	16.3
25 percent (capital gains).....	5,751,843	573,198,788	436,467,662	3,624,425	74,792,138	906,106	73,936,476	12.9	16.9
28 percent.....	1,756,615	243,393,541	196,015,310	35,135,435	41,655,938	9,837,922	41,854,635	17.2	21.4
28 percent (capital gains).....	1,678,502	288,503,732	233,408,084	364,409	48,461,009	102,035	49,376,294	17.1	21.2
33 percent.....	1,277,577	358,924,926	305,591,419	66,200,131	74,561,983	21,846,043	76,331,709	21.3	25.0
35 percent.....	752,028	762,484,568	687,885,619	367,903,515	206,409,506	128,766,230	203,427,104	26.7	29.6
Form 8615.....	100,337	1,081,611	948,301	882,194	191,617	186,486	191,432	17.7	20.2
<b>Joint returns and returns of surviving spouses</b>									
All tax rates.....	44,033,987	4,041,178,963	2,867,802,099	961,330,648	551,095,132	229,187,721	529,558,212	13.1	18.5
5 percent.....	226,593	9,071,074	2,408,091	2,397,958	121,423	119,898	181,098	2.0	7.5
8 percent.....	28,357	1,260,125	482,473	229,770	31,018	18,382	27,770	2.2	5.8
10 percent.....	6,575,099	185,117,314	45,359,508	45,358,064	4,536,273	4,535,806	2,027,059	1.1	4.5
10 percent (capital gains).....	1,216,493	39,784,897	12,722,831	845,611	1,097,882	84,561	828,426	2.1	6.5
10 percent (Form 8814).....	8,229	-335,049	4,937	4,937	494	494	492	(X)	10.0
15 percent.....	17,301,376	991,052,577	590,474,243	348,251,552	76,460,433	52,237,733	63,120,860	6.4	10.7
15 percent (capital gains).....	4,273,780	309,387,745	199,278,450	32,487,270	25,558,411	4,873,091	23,582,774	7.6	11.8
20 percent.....	247,502	60,491,852	49,621,305	21,055,514	7,881,862	4,211,103	8,049,791	13.3	16.2
25 percent.....	6,880,658	711,982,085	520,962,922	130,138,165	86,342,426	32,534,541	83,171,568	11.7	16.0
25 percent (capital gains).....	3,636,716	431,399,229	325,684,263	2,814,052	55,354,781	703,513	54,492,787	12.6	16.7
28 percent.....	858,563	147,439,850	116,716,483	18,281,985	24,249,917	5,118,956	24,395,323	16.5	20.9
28 percent (capital gains).....	1,146,349	219,173,629	176,081,085	264,694	36,115,227	74,114	36,941,285	16.9	21.0
33 percent.....	992,637	291,193,510	246,974,688	52,242,380	59,603,838	17,239,985	61,036,805	21.0	24.7
35 percent.....	641,635	644,160,124	581,030,822	306,958,696	173,741,145	107,435,544	171,702,173	26.7	29.6
Form 8615.....	--	--	--	--	--	--	--	(X)	(X)
<b>Separate returns of married persons</b>									
All tax rates.....	2,027,382	101,649,749	74,697,606	31,623,916	14,992,426	7,966,313	14,598,485	14.4	19.5
5 percent.....	1,866	38,565	20,834	20,834	1,041	1,042	1,471	3.8	7.1
8 percent.....	948	15,165	686	185	40	15	40	0.3	5.8
10 percent.....	285,859	3,911,186	944,457	944,457	94,453	94,446	71,425	1.8	7.6
10 percent (capital gains).....	10,837	277,351	84,363	10,031	7,209	1,003	9,044	3.3	10.7
10 percent (Form 8814).....	31	364	47	47	5	5	--	(X)	(X)
15 percent.....	973,600	26,698,033	16,372,795	9,557,595	2,115,179	1,433,639	1,936,365	7.3	11.8
15 percent (capital gains).....	94,852	5,406,537	3,703,484	1,656,878	496,361	248,532	520,643	9.6	14.1
20 percent.....	5,913	1,708,145	1,410,614	670,494	238,071	134,099	250,973	14.7	17.8
25 percent.....	417,625	21,634,442	16,168,345	4,307,799	2,709,915	1,076,950	2,679,526	12.4	16.6
25 percent (capital gains).....	75,576	4,786,814	3,667,555	92,274	626,873	23,069	633,987	13.2	17.3
28 percent.....	79,505	6,709,440	5,371,749	814,135	1,113,743	227,958	1,103,876	16.5	20.5
28 percent (capital gains).....	21,539	2,186,965	1,830,782	--	375,149	--	380,399	17.4	20.8
33 percent.....	36,406	5,228,425	4,356,559	833,037	1,042,067	274,902	1,074,201	20.5	24.7
35 percent.....	22,824	23,048,318	20,765,338	12,716,151	6,172,321	4,450,653	5,936,534	25.8	28.6
Form 8615.....	--	--	--	--	--	--	--	(X)	(X)

Footnotes at end of table.

**Table 3.4--Returns with Modified Taxable Income: Tax Classified by Both the Marginal Rate and Each Rate at Which Tax Was Computed--Continued**

(All figures are estimates based on samples--money amounts are in thousands of dollars)

Tax rate classes	Classified by the highest marginal rate at which tax was computed								
	Number of returns	Adjusted gross income less deficit	Modified taxable income		Tax generated		Income tax after credits		
			At all rates	At marginal rate	At all rates	At marginal rate	Total	As a percentage of	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	Adjusted gross income	Modified taxable income	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
<b>Returns of heads of households</b>									
All tax rates.....	13,218,829	479,466,173	258,524,437	113,932,793	39,252,287	19,272,331	31,310,258	6.5	12.1
5 percent.....	17,833	622,592	173,145	173,145	8,659	8,657	4,055	0.7	2.3
8 percent.....	2,238	85,868	18,608	18,608	1,488	1,489	--	(X)	(X)
10 percent.....	5,449,711	110,462,842	25,657,553	25,652,289	2,566,017	2,565,229	294,170	0.3	1.1
10 percent (capital gains).....	108,516	2,437,285	762,832	81,353	68,098	8,135	29,106	1.2	3.8
10 percent (Form 8814).....	4,613	37,166	3,356	3,356	337	337	--	(X)	(X)
15 percent.....	5,886,561	215,681,160	119,272,449	60,403,475	14,947,590	9,060,521	9,908,212	4.6	8.3
15 percent (capital gains).....	289,602	13,866,378	8,650,342	1,333,990	1,098,423	200,099	942,231	6.8	10.9
20 percent.....	7,870	1,286,323	1,001,864	500,375	161,835	100,075	167,401	13.0	16.7
25 percent.....	1,130,895	81,429,236	58,846,484	15,815,943	9,843,254	3,953,986	9,419,662	11.6	16.0
25 percent (capital gains).....	179,248	15,899,437	11,735,740	116,971	2,069,150	29,243	2,056,084	12.9	17.5
28 percent.....	53,370	7,641,743	6,142,963	899,390	1,332,965	251,829	1,364,713	17.9	22.2
28 percent (capital gains).....	37,702	6,156,912	5,042,836	1,427	1,079,404	400	1,121,460	18.2	22.2
33 percent.....	34,932	9,059,843	7,745,815	1,701,677	1,942,583	561,553	2,005,245	22.1	25.9
35 percent.....	15,740	14,799,389	13,470,450	7,230,795	4,132,483	2,530,778	3,997,918	27.0	29.7
Form 8615.....	--	--	--	--	--	--	--	(X)	(X)
<b>Returns of single persons</b>									
All tax rates.....	42,106,004	1,434,611,116	1,005,568,721	369,494,564	174,969,382	75,038,339	172,223,777	12.0	17.1
5 percent.....	431,848	5,257,491	1,528,224	1,523,419	76,887	76,171	75,441	1.4	4.9
8 percent.....	36,930	479,863	219,124	145,303	15,315	11,624	14,608	3.0	6.7
10 percent.....	10,933,206	116,990,637	34,181,236	34,180,554	3,418,695	3,418,055	2,962,062	2.5	8.7
10 percent (capital gains).....	1,247,986	16,946,917	6,295,998	303,729	516,153	30,373	473,418	2.8	7.5
10 percent (Form 8814).....	953	2,079	342	342	34	34	--	(X)	(X)
15 percent.....	16,836,159	428,915,859	274,437,591	156,584,137	35,273,335	23,487,621	33,506,106	7.8	12.2
15 percent (capital gains).....	1,816,289	72,360,670	48,136,026	12,907,055	6,081,869	1,936,058	6,043,264	8.4	12.6
20 percent.....	169,101	19,497,301	15,737,633	6,416,375	2,438,840	1,283,275	2,492,901	12.8	15.8
25 percent.....	7,149,369	375,456,760	291,333,280	88,291,206	50,027,708	22,072,802	49,781,118	13.3	17.1
25 percent (capital gains).....	1,860,304	121,113,308	95,380,104	601,128	16,741,335	150,282	16,753,617	13.8	17.6
28 percent.....	765,177	81,602,508	67,784,116	15,139,925	14,959,313	4,239,179	14,990,723	18.4	22.1
28 percent (capital gains).....	472,913	60,986,225	50,453,381	98,288	10,891,229	27,521	10,933,150	17.9	21.7
33 percent.....	213,603	53,443,148	46,514,357	11,423,038	11,973,494	3,769,603	12,215,457	22.9	26.3
35 percent.....	71,829	80,476,737	72,619,009	40,997,872	22,363,556	14,349,255	21,790,480	27.1	30.0
Form 8615.....	100,337	1,081,611	948,301	882,194	191,617	186,486	191,432	17.7	20.2

(X) Percentage not computed

NOTE: Detail may not add to totals because of rounding.

**Table 3.5--Returns with Modified Taxable Income: Tax Generated, by Rate and by Size of Adjusted Gross Income**

(All figures are estimates based on samples--money amounts are in thousands of dollars)

Size of adjusted gross income	Number of returns	Taxable income	Modified taxable income	Tax generated at all rates	Tax generated at specified rate					
					5 percent			8 percent		
					Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
<b>Total</b> .....	101,386,201	4,200,198,884	4,206,592,864	780,309,227	9,833,227	33,552,373	1,677,914	1,058,265	3,780,577	302,428
Under \$2,000.....	306,971	133,341	135,890	11,228	146,816	54,370	2,723	14,746	1,232	96
\$2,000 under \$4,000.....	252,214	306,304	309,924	30,903	108,818	89,114	4,456	15,489	4,637	370
\$4,000 under \$6,000.....	1,088,782	901,452	902,101	88,988	127,313	100,095	4,998	15,743	13,829	1,106
\$6,000 under \$8,000.....	1,327,663	2,576,620	2,581,019	254,546	76,153	105,597	5,284	*2,942	*3,384	*270
\$8,000 under \$10,000.....	2,708,320	5,247,379	5,299,908	534,454	178,848	130,319	6,517	*6,753	*14,773	*1,182
\$10,000 under \$12,000.....	2,773,154	9,312,280	9,382,820	932,199	235,793	211,158	10,566	20,660	11,090	886
\$12,000 under \$14,000.....	2,835,848	13,112,939	13,186,471	1,325,606	233,814	250,765	12,541	*10,293	*8,712	*697
\$14,000 under \$16,000.....	3,160,163	18,454,981	18,587,500	1,898,310	262,748	437,116	21,862	28,748	44,417	3,553
\$16,000 under \$18,000.....	3,558,118	22,431,789	22,520,835	2,441,156	278,628	446,599	22,347	27,079	23,721	1,894
\$18,000 under \$20,000.....	3,801,322	27,977,560	28,135,544	3,169,157	343,171	505,429	25,289	37,482	41,783	3,342
\$20,000 under \$25,000.....	9,017,109	90,709,409	91,182,518	10,631,719	726,473	1,386,090	69,336	83,047	145,190	11,617
\$25,000 under \$30,000.....	8,231,170	114,185,800	114,621,949	13,880,145	713,408	1,228,471	61,438	74,472	155,099	12,406
\$30,000 under \$40,000.....	13,724,590	273,848,438	274,442,822	34,725,739	1,448,840	2,995,072	149,790	151,113	219,192	17,534
\$40,000 under \$50,000.....	10,356,423	286,908,791	287,303,379	39,416,550	1,128,287	2,959,979	148,055	138,708	309,804	24,776
\$50,000 under \$75,000.....	17,318,862	707,527,353	708,440,519	103,554,424	2,407,995	7,567,900	378,451	272,171	897,856	71,825
\$75,000 under \$100,000.....	9,528,081	577,227,012	577,755,776	90,071,461	957,583	5,509,690	275,518	102,760	719,388	57,552
\$100,000 under \$200,000.....	8,864,329	875,864,823	876,960,093	165,058,719	341,795	5,952,185	297,620	45,247	882,551	70,606
\$200,000 under \$500,000.....	1,996,650	482,851,392	483,357,788	117,695,811	86,620	2,480,833	124,043	8,868	226,708	18,136
\$500,000 under \$1,000,000.....	355,526	212,835,816	213,060,087	60,145,607	17,175	617,449	30,873	1,090	27,625	2,210
\$1,000,000 under \$1,500,000.....	81,525	88,369,158	88,446,206	25,758,910	5,219	190,481	9,524	435	16,722	1,338
\$1,500,000 under \$2,000,000.....	33,950	52,503,976	52,575,144	15,462,081	2,176	91,449	4,572	167	5,483	439
\$2,000,000 under \$5,000,000.....	48,176	128,218,696	128,414,292	37,415,357	3,627	153,014	7,651	177	5,350	428
\$5,000,000 under \$10,000,000.....	11,151	68,513,593	68,612,525	19,637,138	1,084	50,221	2,511	41	1,107	89
\$10,000,000 or more.....	6,106	140,179,982	140,377,754	36,169,017	840	38,976	1,949	33	924	74

Size of adjusted gross income	Tax generated at specified rate--continued								
	10 percent			10 percent (capital gains)			10 percent (from Form 8814)		
	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate
(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	
<b>Total</b> .....	100,367,644	914,053,162	91,405,316	1,445,014	3,942,692	394,305	92,871	62,588	6,267
Under \$2,000.....	212,221	71,290	7,129	18,473	2,526	253	3,665	2,574	258
\$2,000 under \$4,000.....	203,297	159,238	15,924	20,269	7,581	759	--	--	--
\$4,000 under \$6,000.....	1,048,326	743,459	74,346	*12,849	*10,674	*1,066	*952	*682	*69
\$6,000 under \$8,000.....	1,308,015	2,438,212	243,821	*9,905	*4,639	*465	--	--	--
\$8,000 under \$10,000.....	2,629,500	5,055,013	505,501	17,299	9,634	966	*983	*345	*35
\$10,000 under \$12,000.....	2,718,084	9,092,170	909,217	40,755	18,660	1,864	*2,314	*2,008	*202
\$12,000 under \$14,000.....	2,806,138	12,547,233	1,254,723	27,283	12,279	1,226	*1,990	*1,425	*143
\$14,000 under \$16,000.....	3,110,666	16,877,312	1,687,731	32,305	12,271	1,226	*963	*722	*72
\$16,000 under \$18,000.....	3,514,588	17,828,757	1,782,876	48,019	26,930	2,696	*2,942	*885	*88
\$18,000 under \$20,000.....	3,729,100	19,904,672	1,990,467	51,353	65,984	6,600	*1,990	*1,425	*143
\$20,000 under \$25,000.....	8,915,110	57,930,376	5,793,038	100,091	86,646	8,667	*4,237	*3,889	*391
\$25,000 under \$30,000.....	8,195,414	63,536,664	6,353,666	109,922	148,993	14,900	*3,890	*2,105	*211
\$30,000 under \$40,000.....	13,661,593	126,677,101	12,667,710	204,406	370,886	37,105	*5,951	*2,610	*261
\$40,000 under \$50,000.....	10,315,126	109,246,082	10,924,608	174,425	337,384	33,734	*7,925	*5,192	*518
\$50,000 under \$75,000.....	17,251,628	202,863,761	20,286,376	398,324	1,070,424	107,050	10,135	5,688	568
\$75,000 under \$100,000.....	9,479,613	121,509,542	12,150,954	127,766	914,172	91,426	8,940	5,448	546
\$100,000 under \$200,000.....	8,793,836	115,233,968	11,523,397	42,538	601,415	60,144	22,548	17,617	1,764
\$200,000 under \$500,000.....	1,960,517	25,646,763	2,564,676	6,946	167,148	16,715	9,059	6,732	673
\$500,000 under \$1,000,000.....	344,467	4,489,203	448,920	1,305	47,260	4,726	2,826	2,044	205
\$1,000,000 under \$1,500,000.....	77,759	1,004,809	100,481	307	10,024	1,002	617	439	44
\$1,500,000 under \$2,000,000.....	32,173	418,266	41,827	118	4,348	435	304	214	21
\$2,000,000 under \$5,000,000.....	45,033	582,204	58,220	270	9,676	968	431	358	36
\$5,000,000 under \$10,000,000.....	10,153	129,826	12,983	43	1,530	153	141	128	13
\$10,000,000 or more.....	5,285	67,242	6,724	43	1,607	161	68	57	6

Footnotes at end of table.

**Table 3.5--Returns with Modified Taxable Income: Tax Generated, by Rate and by Size of Adjusted Gross Income--Continued**

(All figures are estimates based on samples--money amounts are in thousands of dollars)

Size of adjusted gross income	Tax generated at specified rate--continued								
	15 percent			15 percent (capital gains)			20 percent		
	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate
(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	
<b>Total.....</b>	<b>74,461,039</b>	<b>1,583,782,894</b>	<b>237,567,434</b>	<b>9,461,124</b>	<b>205,205,659</b>	<b>30,781,069</b>	<b>2,188,286</b>	<b>75,411,601</b>	<b>15,082,328</b>
Under \$2,000.....	--	--	--	--	--	--	--	--	--
\$2,000 under \$4,000.....	--	--	--	--	--	--	--	--	--
\$4,000 under \$6,000.....	--	--	--	--	--	--	--	--	--
\$6,000 under \$8,000.....	*952	*130	*20	--	--	--	--	--	--
\$8,000 under \$10,000.....	14,753	24,424	3,664	--	--	--	--	--	--
\$10,000 under \$12,000.....	57,508	21,698	3,255	--	--	--	--	--	--
\$12,000 under \$14,000.....	278,117	345,179	51,777	--	--	--	--	--	--
\$14,000 under \$16,000.....	1,189,754	1,188,883	178,332	--	--	--	--	--	--
\$16,000 under \$18,000.....	1,885,812	4,164,932	624,740	--	--	--	--	--	--
\$18,000 under \$20,000.....	1,895,169	7,600,412	1,140,062	--	--	--	--	--	--
\$20,000 under \$25,000.....	4,911,584	31,568,553	4,735,283	--	--	--	--	--	--
\$25,000 under \$30,000.....	5,343,039	49,527,622	7,429,143	--	--	--	--	--	--
\$30,000 under \$40,000.....	11,366,492	141,808,012	21,271,202	140,630	100,276	15,042	27,063	15,815	3,164
\$40,000 under \$50,000.....	9,848,169	152,268,254	22,840,238	548,688	906,111	135,935	123,034	180,204	36,035
\$50,000 under \$75,000.....	17,016,450	409,166,050	61,374,908	1,209,541	3,214,924	482,257	257,639	1,222,928	244,593
\$75,000 under \$100,000.....	9,428,702	342,769,656	51,415,448	1,973,234	5,707,444	856,165	452,188	1,598,180	319,631
\$100,000 under \$200,000.....	8,762,796	345,796,109	51,869,416	3,748,269	24,390,448	3,658,668	850,087	8,869,742	1,773,961
\$200,000 under \$500,000.....	1,948,807	77,287,743	11,593,161	1,384,798	35,403,614	5,310,564	341,060	11,951,411	2,390,279
\$500,000 under \$1,000,000.....	343,131	13,577,220	2,036,583	296,312	24,721,315	3,708,206	83,355	8,405,432	1,681,087
\$1,000,000 under \$1,500,000.....	77,446	3,036,254	455,438	70,769	13,045,233	1,956,786	21,963	4,616,059	923,212
\$1,500,000 under \$2,000,000.....	32,070	1,267,179	190,077	29,975	8,417,532	1,262,630	9,976	2,968,834	593,767
\$2,000,000 under \$5,000,000.....	44,898	1,765,652	264,848	42,978	25,017,138	3,752,572	15,299	8,920,286	1,784,057
\$5,000,000 under \$10,000,000.....	10,114	394,286	59,143	10,236	16,373,557	2,456,034	4,039	5,379,344	1,075,869
\$10,000,000 or more.....	5,275	204,648	30,697	5,696	47,908,067	7,186,210	2,582	21,283,366	4,256,673

Size of adjusted gross income	Tax generated at specified rate--continued								
	25 percent			25 percent (capital gains)			28 percent		
	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate
(29)	(30)	(31)	(32)	(33)	(34)	(35)	(36)	(37)	
<b>Total.....</b>	<b>26,738,916</b>	<b>640,244,673</b>	<b>160,061,168</b>	<b>349,114</b>	<b>7,250,430</b>	<b>1,812,650</b>	<b>5,459,365</b>	<b>199,378,501</b>	<b>55,825,980</b>
Under \$2,000.....	--	--	--	--	--	--	--	--	--
\$2,000 under \$4,000.....	--	--	--	--	--	--	--	--	--
\$4,000 under \$6,000.....	--	--	--	--	--	--	--	--	--
\$6,000 under \$8,000.....	--	--	--	--	--	--	--	--	--
\$8,000 under \$10,000.....	--	--	--	--	--	--	--	--	--
\$10,000 under \$12,000.....	--	--	--	--	--	--	--	--	--
\$12,000 under \$14,000.....	--	--	--	--	--	--	--	--	--
\$14,000 under \$16,000.....	--	--	--	--	--	--	--	--	--
\$16,000 under \$18,000.....	--	--	--	--	--	--	--	--	--
\$18,000 under \$20,000.....	--	--	--	--	--	--	--	--	--
\$20,000 under \$25,000.....	--	--	--	--	--	--	--	--	--
\$25,000 under \$30,000.....	--	--	--	--	--	--	--	--	--
\$30,000 under \$40,000.....	1,298,994	2,253,857	563,464	--	--	--	--	--	--
\$40,000 under \$50,000.....	3,172,315	21,048,129	5,262,032	*4,804	*7,772	*1,943	--	--	--
\$50,000 under \$75,000.....	5,203,998	82,059,755	20,514,939	27,250	39,100	9,778	28,174	105,435	29,522
\$75,000 under \$100,000.....	6,330,711	93,807,632	23,451,908	52,199	276,455	69,119	573,383	4,923,945	1,378,705
\$100,000 under \$200,000.....	8,338,463	309,939,981	77,484,995	142,888	1,403,026	350,773	2,558,591	61,561,654	17,237,263
\$200,000 under \$500,000.....	1,892,957	103,680,076	25,920,019	82,819	2,044,350	511,100	1,811,739	103,367,806	28,942,986
\$500,000 under \$1,000,000.....	335,338	18,373,529	4,593,382	22,969	1,072,395	268,102	325,021	19,607,171	5,490,008
\$1,000,000 under \$1,500,000.....	75,545	4,127,076	1,031,769	5,940	481,597	120,400	73,472	4,441,760	1,243,693
\$1,500,000 under \$2,000,000.....	31,435	1,724,517	431,129	3,047	315,292	78,823	30,766	1,858,274	520,317
\$2,000,000 under \$5,000,000.....	43,995	2,406,686	601,672	4,926	843,388	210,848	43,232	2,608,830	730,472
\$5,000,000 under \$10,000,000.....	9,956	541,323	135,331	1,304	330,488	82,622	9,817	593,258	166,112
\$10,000,000 or more.....	5,209	282,112	70,528	968	436,567	109,142	5,171	310,367	86,903

Footnotes at end of table

**Table 3.5--Returns with Modified Taxable Income: Tax Generated, by Rate and by Size of Adjusted Gross Income**

(All figures are estimates based on samples--money amounts are in thousands of dollars)

Size of adjusted gross income	Tax generated at specified rate--continued											
	28 percent (capital gains)			33 percent			35 percent			Form 8615		
	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate
(38)	(39)	(40)	(41)	(42)	(43)	(44)	(45)	(46)	(47)	(48)	(49)	
<b>Total.....</b>	<b>9,600</b>	<b>805,760</b>	<b>225,613</b>	<b>2,029,605</b>	<b>170,336,243</b>	<b>56,210,960</b>	<b>752,028</b>	<b>367,903,515</b>	<b>128,766,230</b>	<b>100,337</b>	<b>882,194</b>	<b>186,486</b>
Under \$2,000.....	--	--	--	--	--	--	--	--	--	22,689	3,898	750
\$2,000 under \$4,000.....	--	--	--	--	--	--	--	--	--	34,182	49,352	9,376
\$4,000 under \$6,000.....	--	--	--	--	--	--	--	--	--	*8,572	*33,362	*7,338
\$6,000 under \$8,000.....	--	--	--	--	--	--	--	--	--	*5,969	*29,057	*4,647
\$8,000 under \$10,000.....	--	--	--	--	--	--	--	--	--	*8,781	*65,401	*16,453
\$10,000 under \$12,000.....	--	--	--	--	--	--	--	--	--	*2,857	*26,035	*6,064
\$12,000 under \$14,000.....	--	--	--	--	--	--	--	--	--	*1,905	*20,878	*4,339
\$14,000 under \$16,000.....	--	--	--	--	--	--	--	--	--	*1,905	*26,778	*5,338
\$16,000 under \$18,000.....	--	--	--	--	--	--	--	--	--	*1,905	*29,011	*6,348
\$18,000 under \$20,000.....	--	--	--	--	--	--	--	--	--	*952	*15,839	*3,144
\$20,000 under \$25,000.....	--	--	--	--	--	--	--	--	--	*2,982	*61,774	*13,098
\$25,000 under \$30,000.....	--	--	--	--	--	--	--	--	--	*983	*22,996	*8,012
\$30,000 under \$40,000.....	--	--	--	--	--	--	--	--	--	--	--	--
\$40,000 under \$50,000.....	--	--	--	--	--	--	--	--	--	*927	*34,468	*8,316
\$50,000 under \$75,000.....	*2,023	*459	*129	--	--	--	--	--	--	*3,707	*226,240	*53,904
\$75,000 under \$100,000.....	*2,044	*198	*55	*1,991	*14,027	*4,629	--	--	--	--	--	--
\$100,000 under \$200,000.....	*1,409	*13,373	*3,744	121,812	2,052,877	677,449	2,967	58,057	20,320	*1,996	*187,089	*28,140
\$200,000 under \$500,000.....	2,590	64,559	18,077	1,431,201	103,760,959	34,241,116	300,261	17,267,594	6,043,658	*6	*1,491	*493
\$500,000 under \$1,000,000.....	478	76,105	21,309	315,549	42,743,102	14,105,224	295,852	79,298,284	27,754,399	*3	*1,954	*348
\$1,000,000 under \$1,500,000.....	397	70,623	19,775	71,668	9,817,592	3,239,805	68,501	47,587,535	16,655,637	--	--	--
\$1,500,000 under \$2,000,000.....	153	82,158	23,004	30,164	4,126,098	1,361,612	29,051	31,295,499	10,953,425	--	--	--
\$2,000,000 under \$5,000,000.....	298	172,996	48,439	42,393	5,793,149	1,911,739	40,897	80,108,966	28,038,138	*11	*26,598	*5,267
\$5,000,000 under \$10,000,000.....	122	161,733	45,285	9,705	1,331,518	439,401	9,492	43,304,234	15,156,482	*3	*19,972	*5,111
\$10,000,000 or more.....	86	163,555	45,795	5,122	696,920	229,984	5,007	68,983,346	24,144,171	--	--	--

\* Estimate should be used with caution because of the small number of sample returns on which it is based.

NOTE: Detail may not add to totals because of rounding.

**Table 3.6--Returns with Modified Taxable Income: Taxable Income and Tax Classified by Each Rate at Which Tax Was Computed and by Marital Status**

(All figures are estimates based on samples--money amounts are in thousands of dollars)

Marginal tax rate classes	All returns			Joint returns and returns of surviving spouses			Returns of married persons filing separately		
	Number of returns	Income taxed at rate	Income tax generated at rate	Number of returns	Income taxed at rate	Income tax generated at rate	Number of returns	Income taxed at rate	Income tax generated at rate
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>All tax rates.....</b>	<b>101,386,201</b>	<b>4,206,592,861</b>	<b>780,305,566</b>	<b>44,033,987</b>	<b>2,867,802,099</b>	<b>551,093,751</b>	<b>2,027,382</b>	<b>74,697,606</b>	<b>14,992,353</b>
5 percent.....	9,833,227	33,552,373	1,677,619	5,735,137	21,989,140	1,099,457	109,279	358,270	17,913
8 percent.....	1,058,265	3,780,577	302,446	638,945	2,744,256	219,540	12,762	24,298	1,944
10 percent.....	100,367,644	914,053,162	91,405,316	43,667,544	555,949,302	55,594,930	2,017,756	13,037,057	1,303,706
10 percent (capital gains).....	1,445,014	3,942,692	394,269	837,753	2,774,756	277,476	12,290	22,530	2,253
10 percent (Form 8814).....	92,871	62,588	6,267	70,255	48,325	4,837	56	67	7
15 percent.....	74,461,039	1,583,782,894	237,567,434	35,870,035	1,052,826,848	157,924,027	1,721,892	24,754,136	3,713,120
15 percent (capital gains).....	9,461,124	205,205,659	30,780,849	6,285,159	152,654,959	22,898,244	144,743	5,995,346	899,302
20 percent.....	2,188,286	75,411,601	15,082,320	1,441,471	57,677,194	11,535,439	25,602	2,464,341	492,868
25 percent.....	26,738,916	640,244,673	160,061,168	14,119,838	423,664,278	105,916,069	652,367	9,830,617	2,457,654
25 percent (capital gains).....	349,114	7,250,430	1,812,607	236,994	5,705,659	1,426,415	4,929	185,917	46,479
28 percent.....	5,459,365	199,378,501	55,825,980	3,635,902	143,892,642	40,289,940	160,274	2,894,980	810,594
28 percent (capital gains).....	9,600	805,760	225,613	5,868	609,221	170,582	*12	*14,530	*4,068
33 percent.....	2,029,605	170,336,243	56,210,960	1,634,272	140,306,823	46,301,252	59,230	2,399,367	791,791
35 percent.....	752,028	367,903,515	128,766,230	641,635	306,958,696	107,435,544	22,824	12,716,151	4,450,653
Form 8615.....	100,337	882,194	186,486	--	--	--	--	--	--

Marginal tax rate classes	Returns of heads of households			Returns of single persons		
	Number of returns	Income taxed at rate	Income tax generated at rate	Number of returns	Income taxed at rate	Income tax generated at rate
	(10)	(11)	(12)	(13)	(14)	(15)
<b>All tax rates.....</b>	<b>13,218,829</b>	<b>258,524,437</b>	<b>39,251,842</b>	<b>42,106,004</b>	<b>1,005,568,719</b>	<b>174,967,619</b>
5 percent.....	403,159	934,890	46,745	3,585,652	10,270,073	513,504
8 percent.....	34,235	80,776	6,462	372,323	931,248	74,500
10 percent.....	13,184,715	102,452,847	10,245,285	41,497,629	242,613,955	24,261,396
10 percent (capital gains).....	52,205	149,977	14,998	542,765	995,430	99,543
10 percent (Form 8814).....	19,653	12,773	1,281	*2,907	*1,421	*143
15 percent.....	7,628,714	105,116,730	15,767,510	29,240,398	401,085,180	60,162,777
15 percent (capital gains).....	254,126	4,043,136	606,470	2,777,097	42,512,217	6,376,833
20 percent.....	48,027	1,325,228	265,046	673,186	13,944,838	2,788,968
25 percent.....	1,450,057	28,069,853	7,017,463	10,516,654	178,679,925	44,669,981
25 percent (capital gains).....	11,082	188,343	47,086	96,109	1,170,512	292,628
28 percent.....	141,741	4,805,859	1,345,641	1,521,448	47,785,019	13,379,805
28 percent (capital gains).....	*8	*5,732	*1,605	3,712	176,275	49,357
33 percent.....	50,672	4,107,496	1,355,474	285,431	23,522,557	7,762,444
35 percent.....	15,740	7,230,795	2,530,778	71,829	40,997,872	14,349,255
Form 8615.....	--	--	--	100,337	882,194	186,486

\* Estimate should be used with caution because of the small number of sample returns on which it is based.

NOTE: Detail may not add to totals because of rounding.



## Section 4

## Explanation of Terms

The Explanation of Terms section is designed to clarify the statistical content of this report and should not be construed as an interpretation of the Internal Revenue Code, related regulations, procedures, or policies.

The definitions and explanation in this section relate to column or row titles used in one or more tables in this report. They provide background or limitations to such titles, and are necessary to interpret the statistical tables to which they relate. For each of these titles, the line number of the tax form on which it is reported appears after the title. Definitions marked with the symbol  $\Delta$  have been revised for 2003 to reflect changes in the law.

### **Additional Child Tax Credit**

(line 65, Form 1040)

See "Child Tax Credit."

### **Additional Standard Deduction**

(included in line 37, Form 1040)

See "Standard Deduction."

### **Additional Taxes**

(line 41, Form 1040)

Taxes calculated on Form 4972, *Tax on Lump-Sum Distributions* were reported here.

### **Adjusted Gross Income Less Deficit**

(line 34, Form 1040)

Income that had to be reported for the calculation of total income (line 22, Form 1040) and of adjusted gross income included the following:

- Compensation for services, including wages, salaries, fees, commissions, tips, taxable fringe benefits, and similar items;
- Taxable interest received;
- Ordinary dividends and capital gain distributions;
- Taxable refunds of state and local income taxes;
- Alimony and separate maintenance payments;
- Net income derived from a business, profession, or farm;
- Net gain from the sale of capital assets;
- Net gain from the sale of business property;

- Taxable amounts of annuities, pensions, and individual retirement arrangement (IRA) distributions;
- Rents and royalties;
- Distributive share of partnership or S corporation net income;
- Net income from an estate or trust;
- Unemployment compensation;
- Taxable amounts of social security and railroad retirement (Tier 1) payments;
- Taxable distributions from a Coverdell education savings account;
- Prizes, awards, and gambling winnings;
- Jury duty fees;
- Amounts received that were claimed as a deduction or credit in a prior year; and
- Bartering income;
- Alaska permanent fund dividends;
- Qualified state tuition program earnings.

Some reported income was fully or partially excluded from total income for 2003. The following is a list of such items:

- The cost basis of pension, annuity, or IRA payments or distributions;
- Tax-exempt interest;
- Limited exclusion of social security benefits and railroad retirement benefits (only reported if there was also a taxable amount);
- Limited exclusion of qualified foreign earned income;
- Exclusion of part or all of the gain from sale of principal residence up to \$250,000 (\$500,000 on joint returns); and

From total income, the following statutory adjustments (lines 23 through 32, Form 1040) were subtracted to arrive at adjusted gross income (line 34, Form 1040):

- Educator expenses;
- Contributions to self-employed retirement plans (Keogh or simplified employee pension) and certain contributions to IRAs;
- Certain student loan interest;
- Tuition and fees deduction;
- Moving expenses;
- One-half of self-employment tax;
- Self-employed health insurance deduction;

- Forfeited interest and penalties incurred by persons who made premature withdrawals of funds from time savings accounts;
- Alimony payments;
- Forestation or reforestation expenses;
- Foreign housing exclusion;
- Repayments of supplemental unemployment compensation;
- Certain expenses of qualified performing artists;
- Amount of jury duty pay reported on line 21, Form 1040, that was repaid to employers;
- Deduction for clean-fuel vehicles; and
- Employee business expenses of fee-basis state or local government officials

A deficit occurred if the allowable exclusions and deductions exceeded gross income, (i.e., the amount on line 33 was greater than the amount on line 22).

### Adjustments

See "Statutory Adjustments."

### Adoption Credit $\Delta$

(line 50, Form 1040)

Generally, this nonrefundable credit (reported on Form 8839) was available to taxpayers who paid qualified adoption expenses in 2002 for an adoption that became final in 2003 or later, or for qualified expenses paid in 2003, for an adoption that was final in or before 2003. The credit could have been as much as \$10,160 for each child.

### Advance Earned Income Credit Payments

(line 58, Form 1040)

Taxpayers who believed they would be eligible for the earned income credit at the end of the year could have received part of the credit from their employers as an additional payment in their paychecks during the year. Those payments were then shown on the tax return where they either increased the balance due amount or reduced the amount of the overpayment.

**Alimony Paid**

(line 32a, Form 1040)

Payments made as alimony or separate maintenance counted as a deduction (an adjustment to total income) for the person paying them.

**Alimony Received**

(line 11, Form 1040)

Payments received as alimony or separate maintenance were income to the person receiving them.

**All Other Taxes**

(lines 55, 56, 57, 59, 60 Form 1040)

For the statistics in this report, this amount represents the sum of the self-employment tax; tax from the recapture of the investment credit, the low income housing credit, qualified electric vehicle credit, the Indian employment credit, the new markets credit and credit for employer provided child care facilities; social security and Medicare taxes on tip income, penalty tax on qualified retirement plans, and tax on medical savings accounts; household employment taxes, recapture of federal mortgage subsidy, and other unspecified taxes which included uncollected FICA (or social security) tax on tips; excess golden parachute payments; and section 72 penalty taxes; and the statistics included tax from recapture of education credits. This differs slightly from the "other taxes" portion of the Form 1040 itself, which included the taxes listed above plus the advance earned income credit payments, received. Another item not included in all other taxes but instead is included in "total income tax" is tax from Form 4970, *Tax on Accumulation Distribution of Trusts*. (See also "Taxable and Nontaxable Returns" and "Total Income Tax.")

**Alternative Minimum Tax  $\Delta$** 

(line 42, Form 1040)

The alternative minimum tax (AMT) was levied on income including benefits received in the form of deductions and exclusions, which

reduced an individual's regular effective tax rate. These benefits, known as "alternative minimum tax preferences and adjustments," resulted from the treatment that the tax law gave to particular income and expense items. Alternative minimum taxable income (line 28, Form 6251) was defined as taxable income for ordinary income tax purposes adjusted for net operating losses from other tax years plus the amount of adjustments and preferences.

Alternative minimum taxable income (AMTI) was then reduced by an exemption amount determined by filing status and AMTI. If the return was filed jointly by a married couple or a surviving spouse, the maximum amount of the exemption was \$58,000. The maximum amount for a single or head of household taxpayer was \$40,250, and for a married couple filing separately, \$29,000. The AMT exclusion was phased out if AMTI exceeded certain levels. For single taxpayers, the phase-out began at \$112,500 and ended at \$273,500. For joint returns the range was \$150,000 to \$382,000, and for married couples filing separately, the range was \$75,000 to \$191,000.

If there was an amount remaining after subtracting the exemption, the first \$175,000 (the first \$87,500 if married filing separately) was taxed at a 26 percent rate; any excess was taxed at a 28 percent rate, except that capital gains were taxed at the same rates under the AMT as under the regular income tax. This amount was then reduced by the recalculated alternative minimum tax foreign tax credit, and regular income tax before credits (line 41, Form 1040 minus the regular foreign tax credit, line 44, Form 1040) to arrive at the alternative minimum tax.

Personal credits (such as the child tax credit, child care credit, etc.) could be taken against the AMT.

**Archer Medical Savings Account****Deduction  $\Delta$** 

(included in line 33, Form 1040)

Certain taxpayers who were covered only by a high-deductible health plan were able to

participate in the Archer medical savings account program. The taxpayer was allowed to take a deduction of up to \$1,625 (\$3,787.50 for a family) a year for contributions to a medical savings account. The Archer medical savings accounts were used to pay for medical expenses not reimbursable by medical insurance. Form 8853, *Archer MSA's and Long-Term Care Insurance Contracts*, was used for the medical savings accounts.

### **Basic Standard Deduction**

(included in line 37, Form 1040)

See "Standard Deduction."

### **Business or Profession Net Income or Loss**

(line 12, Form 1040)

This source of income or loss was reported by individuals who were sole proprietors of a nonfarm business, including self-employed members of a profession.

If two or more sole proprietorships were operated by the same taxpayer, the single amount of net income or loss included in the adjusted gross income represented the combined net income and loss from all sole proprietorships. The proprietor was required to exclude investment income from business profits and include it, instead, with the various types of investment income for which separate provisions were made on the individual income tax return.

Total expenses (line 28, Schedule C) were deducted from gross income (line 7, Schedule C) to arrive at a tentative profit or loss. Expenses for business use of the taxpayer's home (line 30, Schedule C) were then deducted to arrive at net income or loss. Compensation of the proprietor was taxable income and, therefore, not allowed as a business deduction in computing net income. The deduction of net operating losses from previous years was not considered a business expense, but was offset against "Other Income" (line 21, Form 1040).

Information on sole proprietorships, business receipts, and expenditures can be found in the

Summer 2005 issue of the *Statistics of Income Bulletin*.

### **Business or Profession Net Income Less Loss**

See "Business or Profession Net Income or Loss."

### **Capital Assets**

See "Sales of Capital Assets, Net Gain or Loss."

### **Capital Gain Distributions Reported on Form 1040 $\Delta$**

(included in line 13a and 13b, Form 1040)

Taxpayers who had capital gains strictly from capital gain distributions could enter the amount directly on line 13a, Form 1040. If the capital gain distributions were post-May 5, 2003 the amount was also entered on line 13b, Form 1040.

### **Capital Gain Distributions Reported on Schedule D**

(line 13, Schedule D)

See "Sales of Capital Assets, Net Gain or Loss."

### **Capital Gain Distributions Post May 5, 2003**

See "Capital Gain Distributions Reported on Form 1040."

### **Capital Gains and Losses**

See "Sales of Capital Assets, Net Gain or Loss."

### **Casualty or Theft Loss Deduction, Nonbusiness**

(line 19, Schedule A)

Nonbusiness casualty and theft losses were deductible, as an itemized deduction, from adjusted gross income to the extent that nonreimbursable net loss for each such casualty or theft exceeded \$100, and the combined

amount for all net losses during the year exceeded 10 percent of adjusted gross income. (See also "Total Itemized Deductions.")

### **Casualty or Theft Loss of Income-Producing Property**

(included in line 27, Schedule A)

See "Miscellaneous Itemized Deductions."

### **Certain business expenses of reservist, performing artist, etc.**

(included in line 33, Form 1040)

Qualified business expenses were deductible for reservists, performing artists, and fee-basis state or local government officials, whether or not the taxpayer itemized their deductions. These expenses were included in line 33, Form 1040.

### **Child Care Credit $\Delta$**

(line 45, Form 1040)

This credit could be claimed by taxpayers who, while employed or looking for work, incurred expenses for the care of dependent children under age 13, or disabled dependents of any age. Qualified expenses included those for services performed within the home by non-dependent baby-sitters, maids, or cooks. Expenditures paid for the care of children under the age 13 or any other qualified individuals for out-of-home, non-institutional care qualified for the child care credit. If the taxpayer omitted or used an invalid Social Security number or employer identification number (EIN) for the child care provider, the IRS had the authority to use mathematical error procedures to change the child care credit.

The maximum amount of care-related expenses on which the credit could be based with one qualifying child or dependent, was the smaller of earned income or \$3,000; with more than one dependent the credit was based on the smaller of earned income or \$6,000. For returns of married couples filing jointly, earned income refers to the earnings of the spouse with the

lesser earned income. Exceptions were allowed if the spouse was disabled or a full-time student.

The credit was equal to 35 percent of eligible expenses for taxpayers with adjusted gross income of \$15,000 or less. The credit was reduced by one percentage point for each \$2,000 or fraction thereof of adjusted gross income in excess of \$15,000 up to \$43,000. The credit remained at 20 percent of expenses for individuals with adjusted gross income over \$43,000.

The amount of the credit which could be claimed was limited to income tax before credits, and any excess was not refundable.

### **Child Tax Credit $\Delta$**

(line 49, Form 1040)

A credit was allowed for each qualifying child under 17. To be a qualifying child, the person had to be a son, daughter, stepson, stepdaughter, grandchild, adopted child, or qualifying foster child for whom the taxpayer claims a dependent exemption. The credit was phased out by \$50 for each \$1,000, or fraction thereof, that AGI exceeded: \$110,000 for taxpayers filing jointly; \$55,000 for married filing separately; and \$75,000 for single filers, head of households, or widow(ers). The taxpayer could claim up to \$1,000 for each child meeting the AGI phase out guidelines. In 2003, up to \$400 per eligible child may have been given in advance to taxpayers based on the age of eligible children and the taxpayer's 2002 tax return. The taxpayer's 2003 child tax credit was reduced by any advance child tax credit payment. This payment was not included in the statistics.

An additional child tax credit could have been refundable. The taxpayer had to meet the general requirements and some additional requirements. The additional child tax credit was not included in credits but instead as a payment (line 65, Form 1040).

### **Contributions Deduction**

(lines 15-18, Schedule A)

Taxpayers could deduct contributions to certain organizations that were religious,

charitable, educational, scientific, or literary in purpose. Contributions could be in cash, property, or out-of-pocket expenses that a taxpayer paid in doing volunteer work for a qualified organization. Contributions were allowed as an itemized deduction on Schedule A. Cash contributions were generally limited to one-half of the taxpayer's AGI, while contributions of capital gain property were generally limited to 30 percent (20 percent in certain cases) of the taxpayer's AGI. Contributions which could not be deducted due to the AGI limitation could be carried over to future years (and brought over from previous years). For all charitable contributions of \$250 or more, a written acknowledgment from the qualified recipient organization was required.

### **Credit for Federal Tax on Gasoline and Special Fuels**

(line 67b, Form 1040)

This refundable credit (claimed on Form 4136) was allowed for federal excise taxes paid on gasoline and special fuels, such as gasohol and diesel fuel, provided the fuel was used for certain purposes (such as farm or non-highway use in a trade or business), bought at a price that included the tax, and a refund of the tax was not requested or received. The credit could reduce unpaid total tax liability or could be refunded.

### **Credit for the Elderly or Disabled**

(line 46, Form 1040)

A credit (claimed on Schedule R) for the elderly or permanently and totally disabled was available to taxpayers age 65 or older (within certain income limitations), and to those taxpayers under age 65 who had retired with a permanent and total disability and who had received taxable income from a public or private employer because of that disability. The income to which the credit could be applied was reduced by nontaxable amounts of social security and railroad retirement benefits, veterans' pensions, and any other pension, annuity, or disability benefits that were excluded from income under any other provisions of the law.

An individual was considered permanently and totally disabled when he or she could not engage in any substantial gainful activity because of a physical or mental condition which had lasted, or was expected to last, at least twelve months, or was determined to be terminal.

The maximum credit available (\$1,125) was limited to total income tax with any excess not refundable, and was reduced if the taxpayer's income exceeded certain levels. Generally, if a taxpayer's income was high enough to require the reporting of social security benefits as taxable income, the taxpayer could not take the credit.

### **Credit from Regulated Investment Companies**

(line 67a, Form 1040)

Taxpayers were required to include in total income any amounts which were allocated to them as undistributed long-term capital gains of regulated investment companies. If investment companies paid tax on the capital gain, taxpayers were entitled to claim a refundable credit (claimed on Form 2439) for their proportionate share of the tax paid.

### **Credit to 2004 Estimated Tax**

(line 71, Form 1040)

This amount was the part of the overpayment of 2003 tax which taxpayers specifically requested to be credited to their estimated tax for 2004. (See also "Overpayment" and "Estimated Tax Payments.")

### **Deduction of Self-Employment Tax**

(line 28, Form 1040)

If a taxpayer had income from self-employment and owed self-employment tax, one-half of that tax was deductible for income tax purposes. The amount was subtracted as an adjustment to total income in the calculation of AGI. (See also "Self-Employment Tax.")

**Dividends Δ**

(lines 9a and 9b, Form 1040)

Ordinary dividend income consisted of distributions of money, stock, or other property received by taxpayers from domestic and foreign corporations, either directly or passed through estates, trusts, partnerships, or regulated investment companies. Ordinary dividends also included distributions from money market mutual funds.

Ordinary dividends did not include nontaxable distributions of stock or stock rights, returns of capital, capital gains, or liquidation distributions. Taxpayers were also instructed to exclude amounts paid on deposits or withdrawable accounts in banks, mutual savings banks, cooperative banks, savings and loan associations, and credit unions, which were treated as interest income.

Qualified dividends are the ordinary dividends received in tax years beginning after 2002 that met certain conditions. These included: the dividend must have been paid by a U.S. corporation or a "qualified" foreign corporation; the stock ownership must have met certain holding period requirements; the dividends were not from certain institutions, such as mutual savings banks, cooperative banks, credit unions, tax-exempt organizations, or farmer cooperatives; and the dividends were not for any share of stock which was part of an employee stock ownership plan (ESOP). The maximum tax rate for qualified dividends was 15 percent (generally 5 percent for taxpayers whose other income was taxed at the 10 percent or 15 percent rate).

**Earned Income Credit Δ**

(line 63, Form 1040)

The earned income credit (EIC) for 2003 was a maximum of \$2,547 for one qualifying child, \$4,204 for two or more qualifying children, and \$382 for taxpayers with no qualifying children. To be eligible for the credit with children, the taxpayers, other than married taxpayers filing jointly, must have had a qualifying child living with them for more than half the year and have

had earned income and adjusted gross income each less than \$29,666 (\$33,692 if more than one qualifying child). For married filing jointly, earned income and adjusted gross income had to be less than \$30,666 for one child and \$34,692 for two or more children. To be eligible for the credit without children, the taxpayer must have had earned income and adjusted gross income less than \$11,230 (\$12,230 for married filing jointly) and the taxpayer (or their spouse) must have been at least 25 years of age and less than 65 years old. The credit was generally based on earned income, consisting of wages, salaries, and other employee compensation, plus net earnings from self-employment. Taxpayers with investment income totaling more than \$2,600 were not eligible to receive the EIC. Investment income included interest income (taxable and tax-exempt), dividend income, plus interest and dividend income from Form 8814, and capital gain net income. As in previous years, taxpayers could not take the credit if their filing status was married filing separately, or if they claimed the foreign-earned income exclusion.

For this report, the earned income credit is divided into three parts: the amount used to offset income tax before credits (limited to the amount needed to reduce income tax after credits to zero); the amount used to offset all other taxes (limited to the amount needed to reduce total tax liability to zero); and the refundable portion. (See also "Advance Earned Income Credit Payments.")

**Earned Income Credit, Refundable Portion**

See "Earned Income Credit."

**Earned Income Credit Used to Offset Income Tax Before Credits**

See "Earned Income Credit."

**Earned Income Credit Used to Offset Other Taxes**

See "Earned Income Credit."

**Education Credits  $\Delta$** 

(line 47, Form 1040)

There were two credits available, the Hope credit and the Lifetime Learning credit. A taxpayer was only able to claim one of the credits per student, not both. The credits were phased out for AGI between \$41,000 and \$51,000 (\$83,000 and \$103,000 for married filing jointly). A taxpayer could not take either credit if they were claimed as a dependent on another return, married filing separately, or took a deduction for tuition and fees for the same student.

The Hope credit allowed a maximum credit per student of 100 percent of the first \$1,000 of qualified tuition and related expenses and 50 percent credit of the next \$1,000 of eligible expenses for enrollment in undergraduate programs. Also, the credit only applied to the first two years of post-secondary education.

The Lifetime Learning credit could have been used for tuition and expenses for undergraduate, graduate, and professional degree courses. The credit could have been used for an unlimited amount of time, as long as the taxpayer or dependents were enrolled in post-secondary education. The Lifetime Learning credit was a maximum of 20 percent of the first \$10,000 of eligible expenses, or \$2,000 per return.

**Education IRA (Coverdell Education Savings Accounts)**

Taxpayers could have made nondeductible contributions up to \$2,000 annually to an educational IRA for a child under age 18. The contribution to a Coverdell ESA could be made until April 15, 2004 for tax year 2003. The earnings and withdrawals were tax-free to the extent that withdrawals did not exceed the beneficiary's qualified higher education expenses for the year. The educational IRA contribution was phased out for modified AGI between \$95,000 and \$110,000 (between \$190,000 and \$220,000 for taxpayers married filing jointly) (See also "Individual Retirement Arrangement Deductible Payments.")

**Educator Expenses**

(line 23, Form 1040)

If a taxpayer was an eligible educator in kindergarten through grade 12 in 2003, a deduction of \$250 (\$500 for two educators filing jointly) qualified expenses may have been taken. This deduction could have been taken even if the taxpayer did not itemize deductions.

**Employee Business Expense**

See "Unreimbursed Employee Business Expenses."

**Empowerment Zone and Renewal Community Employment Credit**

(included in line 52c, Form 1040)

Both the empowerment zone and renewal community credits were available to taxpayers for qualified wages paid or incurred during 2003. Parts of designated urban and rural areas in the United States qualified to receive the benefits of this credit.

**Estate or Trust Net Income or Loss**

(line 37, Schedule E, Part III)

This was the beneficiary's share of fiduciary income (with the exception of the items described below, which were reported separately) from any estate or trust. Income from estates or trusts included amounts required to be distributed, amounts credited to beneficiaries' accounts from current-year fiduciary income (whether or not actually distributed), and any other amounts which were properly paid, credited, or required to be distributed for that year.

Taxpayers excluded their share of dividends and gains or losses from sales of capital assets or other property, from estate or trust income. Such income (which made up the largest portion of income from estates or trusts) was included on the tax return on the separate lines provided for these income types and was not separately identified for the statistics. A loss from an estate or trust was allocated to the beneficiary only



upon settlement or termination of an estate or trust and was limited by the "passive loss" rules.

The columns labeled "net income" and "net loss" represent the sum of all income and losses reported from all estates or trusts, i.e., the net amount computed on a return-by-return basis.

### **Estate or Trust Net Income Less Loss**

See "Estate or Trust Net Income or Loss."

### **Estimated Tax Payments**

(line 62, Form 1040)

This figure represents the total of the tax payments made for 2003 using Form 1040-ES, and any overpayment from the taxpayer's 2002 return that was applied to the 2003 estimated tax. Generally, individuals were required to make estimated tax payments if they expected to owe, after subtracting withholding and credits, at least \$1,000 in tax for 2003, and they expected withholding and credits to be less than the smaller of: (a) 90 percent of the tax shown on Form 1040 for 2003, or (b) 100 percent of the tax shown on Form 1040 for 2002 (112 percent of the tax shown on Form 1040 for 2002 for taxpayers with adjusted gross income greater than \$150,000 (\$75,000 for married filing separately)).

### **Excess Social Security Taxes**

#### **Withheld $\Delta$**

(line 64, Form 1040)

If a taxpayer earned more than \$87,000 in total wages from two or more employers in 2003, too much social security (FICA) or Railroad Retirement Tax Act (RRTA) tax may have been withheld from his or her wages. (There was no wage base limitation for Medicare tax; therefore, all covered wages were subject to Medicare tax.) Filers claimed credit for such overpayment on their income tax returns. The excess social security, or RRTA, taxes withheld could be taken as a credit toward payment of the taxpayer's income tax, or refunded. In the case of a joint return, the credit was computed separately for each taxpayer.

### **Exemptions $\Delta$**

(lines 6, 39, Form 1040)

In the computation of taxable income, a \$3,050 deduction was allowed for each exemption claimed if adjusted gross income was less than \$104,625. In general, an exemption was allowed for each taxpayer and dependent shown on a return. If an individual who could be claimed as a dependent by another taxpayer also filed his or her own return, that individual could not claim his or her own exemption.

With few exceptions, an individual had to meet five requirements to qualify as a dependent for 2003:

- 1) The individual received more than half of his or her support for 2003 from the taxpayer;
- 2) The individual was related to the taxpayer (such as a son, daughter, or parent) or was a member of the same household for the entire year;
- 3) The individual did not file a joint return with his or her spouse;
- 4) The individual met certain citizenship requirements;
- 5) The individual's gross income was less than \$3,050. An exception to the income limitation was granted to children under age 19 or full-time students under age 24.

These statistics classify the exemptions as children at home, children away from home, parents, and other.

If a taxpayer had AGI above certain levels, his or her personal exemption deduction may have been reduced or eliminated. For single taxpayers, the phaseout began at \$139,500 and was completed at \$262,000; for married persons filing jointly and surviving spouses, the phaseout began at \$209,250 and was completed at \$331,750; for heads of household, the phaseout began at \$174,400 and was completed at \$296,900; and for married persons filing separately, the phaseout began at \$104,625 and was completed at \$165,875.

**Farm Net Income or Loss**

(line 18, Form 1040)

This source of income or loss was reported by individuals who were sole proprietors of farms. When there were two or more farms operated by the same taxpayer, the single amount of profit or loss included in the adjusted gross income represented the combined profit and loss from all farming activities. Farm business total expenses (line 35, Schedule F) were deducted from farm gross income (line 11, Schedule F) to arrive at farm net profit or loss.

Gains from certain sales of livestock and crops that qualified for capital gains treatment were excluded from farm net profit or loss and were included in capital gains. Farm rental income was included in total rent net income or loss. (See also "Farm Rental Net Income or Loss.")

**Farm Rental Net Income or Loss**

(line 40, Schedule E)

Taxpayers were required to report farm rental income and expenses separately from other farm profit or loss if they: a) received income that was based on crops or livestock produced by the tenant, and b) did not manage or operate the farm to any great extent. This income and expenses were reported on Form 4835 with net income less loss than reported on Schedule E. (See also "Total Rent and Royalty Income or Loss.")

**Farm Rental Net Income Less Loss**

See "Farm Rental Net Income or Loss."

**Filing Status**

See "Marital Filing Status."

**Foreign-Earned Income Exclusion**

(included in line 21, Form 1040)

Qualified taxpayers could exclude from total income a certain amount of their foreign-earned income and employer-provided foreign housing expenses if their home, for tax purposes, was in a foreign country.

Qualifying individuals were limited to the lesser of a \$80,000 exclusion or their total foreign-earned income. Also, they could elect to exclude a portion of employer-provided foreign housing expenses. If the taxpayer elected to take both the foreign-earned income and foreign housing exclusions, the total amount of both exclusions was limited to the taxpayer's total foreign earned income. The foreign-earned income exclusion was entered as a negative amount on this line by the taxpayer but edited into a separate field during service center processing. The employer-provided foreign housing exclusion was left as part of other income. (See also "Other Income.")

**Foreign Housing Deduction**

(included in the total on line 33, Form 1040)

Qualified taxpayers who had foreign housing expenses that were not provided by their employer were eligible to deduct these expenses from total income. This deduction together with the foreign-earned income exclusion was limited to the total amount of foreign-earned income for 2003.

**Foreign Tax Credit**

(line 44, Form 1040)

Individuals who paid income or excess profit taxes to a foreign country or U.S. possession could claim either this credit against Federal income tax liability, or take an itemized deduction for the amount of the foreign tax payment. Depending on the taxpayer's income and taxes, the foreign tax credit could be less than the amount of foreign tax paid. Qualifying foreign taxes paid in excess of the allowable amount for Tax Year 2003 could be carried back 2 years and then forward 5 years.

**Forms 1040, 1040A, and 1040EZ**

The individual income tax system utilizes three major forms to collect income and tax information: the 1040, 1040A, and 1040EZ. Variations of the three basic forms included Telefile (Form 1040EZ's where all information is filed by telephone), and electronic filing.

Returns of all of these types were included in the population of returns subjected to sampling, and were classified by the guidelines for filing a standard form (i.e., Forms 1040, 1040A and 1040EZ), discussed below. For example, if a return was filed electronically that could have been a Form 1040EZ had it been filed on paper, it would have been considered a Form 1040EZ in the statistics. All Telefile returns were considered to have been Form 1040EZ for these statistics.

The forms represented different levels of complexity in regard to the information reported. The Forms 1040A and 1040EZ, for instance, could only be used if an individual's taxable income was less than \$50,000, his or her non-wage income came from only a limited number of sources, and the taxpayer did not itemize deductions. The Form 1040 had to be used if taxable income was greater than \$50,000. In addition, the taxpayer had to file Form 1040 if he or she itemized deductions or had income (or losses) from a source not provided for on Form 1040A or 1040EZ, used certain tax provisions, or had certain tax credits not on Form 1040A or 1040EZ. (These forms can be found in Section 5, 2003 Forms.)

### **Gambling Earnings**

(included in line 21, Form 1040)

Gambling earnings include proceeds from lotteries, raffles, etc, and are included in line 21, Form 1040. These gambling earnings were edited into a separate field during service center processing. Gambling losses were not allowed to offset winnings on line 21. Instead, gambling losses were an itemized deduction reported on Schedule A. (See also "Gambling Loss Deduction" and "Other Income.")

### **Gambling Loss Deduction**

(included in line 27, Schedule A)

Gambling losses (to the extent of gambling winnings) were fully deductible for taxpayers who itemize deductions. (See also "Gambling Earnings", "Total Itemized Deductions", and "Miscellaneous Itemized Deductions.")

### **General Business Credit**

(line 52a, Form 1040)

The general business credit consisted of the:

- investment credit,
- the work opportunity credit,
- the welfare-to-work credit,
- the alcohol fuel credit,
- the research credit,
- the low-income housing credit,
- the enhanced oil recovery credit,
- the disabled access credit,
- the renewable electricity production credit,
- the Indian employment credit,
- the credit for employer social security and Medicare taxes paid on employee tips,
- the orphan drug credit,
- the new markets credit,
- small employer pension plan startup credit
- employer-provided child care facilities and services credit
- the community development corporation credit,
- the Alaska pipeline liability fund credit and,
- the credit from electing large partnerships.

Taxpayers claiming more than one of the credits were required to summarize them on Form 3800, *General Business Credit*. The general business credit was limited to 100 percent of the first \$25,000 (\$12,500 for a married couple filing separately) of tax liability and 25 percent of the excess over \$25,000. If the current year general business credit exceeded the tax liability limitation, the excess amount could be carried back to the 3 preceding tax years, then forward 15 years.

### **Health Coverage Credit (formerly Health Insurance Credit)**

(line 67c, Form 1040)

A taxpayer who was an eligible trade adjustment assistance (TAA), alternate TAA, or

Pension Benefit Guaranty Corporation pension recipient was able to take the credit. A taxpayer could not take the credit if they were covered under any employer-sponsored health plan. The credit was equal to 65 percent of the amount the taxpayer paid for qualified health insurance for 2003 minus any Archer medical savings account distributions used to pay the amount.

### Home Mortgage Interest Deduction

(lines 10+11, Schedule A)

See "Interest Paid Deduction."

### Household Employment Taxes $\Delta$

(line 59, Form 1040)

Taxpayers paying domestic employees more than \$1,400 generally had to pay social security and Medicare taxes for these employees with their income tax return by filing Schedule H, *Household Employment Taxes*.

### Income Subject to Tax

See "Modified Taxable Income."

### Income Tax After Credits

(line 54 minus part or all of line 63, Form 1040)

To arrive at income tax after credits, taxpayers deducted total credits (line 53, Form 1040) from income tax before credits (line 43, Form 1040). For the statistics, tax was further reduced by the portion of the earned income credit which did not result in a negative tax. This portion of the earned income credit was included in the total credits as "earned income credit used to offset income tax before credits." Any tax remaining after subtraction of all credits and the earned income credit was tabulated as "income tax after credits."

### Income Tax Before Credits

(line 43, Form 1040)

This amount consisted of the tax liability on taxable income, computed by using the tax tables, tax rate schedules, Schedule D Tax worksheet, Schedule J (Farm income averaging), or Form 8615, plus Form(s) 8814 (line 41a), any

additional taxes from Form 4972 (line 41b), and the alternative minimum tax (line 42).

(See also "Tax Generated.")

### Income Tax Withheld

(line 61, Form 1040)

Income tax withheld included amounts deducted from salaries, wages, and tips, as reported on Form W-2; deducted from pensions, annuities, and certain gambling winnings as reported on Forms 1099-R and W-2G; and withheld from total distributions of profit-sharing, retirement plans, and individual retirement accounts, as reported on Form 1099-R.

In some cases, a backup withholding rate of 31 percent was required for interest, dividend, and royalty payments which, generally, were not subject to withholding.

### Individual Retirement Arrangement Deductible Payments $\Delta$

(lines 24, Form 1040)

An individual retirement arrangement (IRA) is a savings program that allows a taxpayer to set aside money for retirement. In addition to the traditional IRA, there were two other plans for the taxpayer: the education IRA and Roth IRA, information on these two IRA's can be found under their separate headings.

Taxpayers not covered by an employment retirement plan may have been able to deduct all contributions to a traditional IRA. The deduction was limited to \$3,000 (\$3,500 if age 50 or older) and was phased out for modified AGI (on a joint return) between \$150,000 and \$160,000. The modified AGI levels at which the traditional IRA deduction phased out (for taxpayers covered by a retirement plan at work) was between \$60,000 and \$70,000 for married persons filing jointly and surviving spouses; between \$40,000 and \$50,000 for single filers or heads of households; and between \$0 and \$10,000 for married taxpayers filing separately. If one spouse was an active participant in an employer plan but the other was not, the deduction for the IRA contribution of the spouse

not covered by an employer plan phased out between modified AGI of \$150,000 and \$160,000. Deductible contributions could be subtracted from the employee's total income in arriving at adjusted gross income.

Contributions to an IRA (whether or not they were deductible) were limited to the lesser of: (a) the individual's taxable compensation for the year, or (b) \$3,000 (\$3,500 if age 50 or older). Married couples filing a joint return could contribute up to \$3,000 (\$3,500 if age 50 or older) to each spouse's IRA, even if one spouse had minimal or no compensation. Therefore, the total combined IRA contributions could be up to \$6,000 (\$7,000 if age 50 or older) for a year.

Unless they were disabled, taxpayers could not start withdrawing funds from the traditional account until they reached age 59-1/2. After age 70-1/2 taxpayers were required to begin withdrawals. Penalty taxes were assessed if the taxpayer failed to comply with these limitations. The additional tax on early withdrawals from a traditional IRA was eliminated if the distributions were used for qualified higher education expenses. This additional tax was also eliminated on distributions up to \$10,000 from traditional or Roth IRA's if the distributions were used to buy, build, or rebuild a qualified first home.

Payments to an IRA for a particular taxable year had to be made no later than the due date of the individual's return for that year. (See also "Roth IRA" and "Education IRA.")

### **Individual Retirement Arrangement Taxable Distributions**

(line 15b, Form 1040)

Any money or property received from a taxpayer's IRA account was considered a distribution and, generally, had to be included in the taxpayer's total income in the year received. Exempted from this rule were tax-free roll-over distributions from one retirement account to another, distributions where the payout represented previously taxed non-deductible IRA contributions, and distributions from a Roth IRA. If a taxpayer converted from a traditional IRA to

a Roth IRA, they were required to include in gross income the amount that they would have reported in income if they had made a withdrawal from this IRA. The taxpayer did not include in gross income any part of the conversion that was a nondeductible contribution in a traditional IRA.

### **Interest Paid Deduction Δ**

(line 14, Schedule A, includes all lines 10-13)

The rules for deducting home mortgage interest for 2003 were: (1) if a taxpayer took out a mortgage before October 13, 1987, secured by the taxpayer's main or second home, all the interest was deductible, (2) if the taxpayer's mortgage was after October 13, 1987, and the funds were used to buy, build, or improve that home, all interest could be deducted if the total of all mortgages on the property was \$1 million or less (\$500,000 if married filing separately), and (3) taxpayers could deduct all of the interest on an additional \$100,000 (\$50,000 if married filing separately) of mortgages on their main or second home other than to buy, build, or improve that home.

Generally, investment interest (interest paid on money borrowed that is allocable to property held for investment) was fully deductible up to the amount of net investment income. Beginning in 1993, the net investment income that was to be compared to investment interest could not include any net capital gains taxed on the capital gain tax rates. For 2003, this also included qualified dividends. Interest relating to business, royalty, and rental income was deducted directly from these items and was not reflected in the interest paid statistics.

### **Interest Received**

See "Taxable Interest Received."

### **Interest, Tax-Exempt**

See "Tax-Exempt Interest."

**Investment Interest Expense Deduction**

(line 13, Schedule A)

See "Interest Paid Deduction." and "Total Itemized Deductions."

**Itemized Deductions**

See "Total Itemized Deductions" and specific itemized deductions.

**Itemized Deduction Limitation**

See "Total Itemized Deductions."

**Limited Miscellaneous Deductions**

(lines 20-26, Schedule A)

Certain taxpayer expenses could be deducted on Schedule A, but were limited to the amount that exceeded 2 percent of adjusted gross income. These included: unreimbursed employee business expenses (including qualifying educational expenses), tax preparation fees, expenses paid to produce or collect taxable income, and expenses paid to manage or protect property held for earning income (including safe deposit boxes).

**Long-Term Capital Gain or Loss**

(line 16, Schedule D)

These include gains or losses from sales of capital assets held more than one year. (See also "Sales of Capital Assets, Net Gain or Loss.")

**Long-Term Capital Gain or Loss Post May 5, 2003**

See "Long-Term Capital Gain or Loss."

**Long-Term Gain or Loss from Other Forms**

(line 11, Schedule D)

The other forms include:

- Long-term gains from Forms 4797, 2439, and 6252;
- Long-term gain or loss from Forms 4684, 6781, and 8824

See "Sales of Capital Assets, Net Gain or Loss."

**Long-Term Capital Gain or Loss from Other Forms Post May 5, 2003**

See "Long-Term Capital Gain or Loss from Other Forms."

**Long-Term Loss Carryover**

(line 14, Schedule D)

Long-term capital losses from the prior year Schedule D that are carried over to the current year. (See "Sales of Capital Assets, Net Gain or Loss.")

**Marginal Tax Rates**

Different portions of taxable income are taxed at different rates. The tax rate applied to the last dollar of income is called the "marginal tax rate" for that return. (See also "Tax Generated.")

**Marital Filing Status**

(lines 1-5, Form 1040)

The five marital filing status classifications were:

- (1) returns of single persons (not heads of household or surviving spouses);
- (2) joint returns of married persons;
- (3) separate returns of married persons;
- (4) returns of heads of household; and
- (5) returns of surviving spouses.

Marital filing status was usually determined as of the last day of the tax year. The exception was that if one's spouse died during the tax year, the survivor was considered married for the entire year. If a taxpayer was divorced during the tax year and did not remarry, the taxpayer was considered to be unmarried for the entire year. Surviving spouse status could only be used by those taxpayers whose spouse died in 2001 or 2002, and had a qualifying dependent.

**Medical and Dental Expenses Deduction**

(lines 1-4, Schedule A)

Qualified medical expenses included nonreimbursed payments made for the diagnosis, treatment, or prevention of disease or for medical

or dental insurance. However, taxpayers who took the self-employed health insurance adjustment had to reduce their total premium deduction by the amount of the adjustment (see "Self-Employed Health Insurance"). In general, medical and dental expenses could be claimed as an itemized deduction to the extent that they exceeded 7.5 percent of adjusted gross income. Amounts paid for medicine and drugs were deductible only if they were not available except by prescription or were for insulin. Taxpayers could deduct costs for transportation to obtain medical care and also a maximum of \$50 per day for certain lodging expenses incurred while traveling to obtain medical care. (See also "Total Itemized Deductions.")

### **Medical and Dental Expenses Limitation**

(line 3, Schedule A)

See "Medical and Dental Expenses Deduction" and "Total Itemized Deductions."

### **Minimum Tax Credit**

(line 52b, Form 1040)

A minimum tax credit could be taken for 2003 by certain taxpayers who paid alternative minimum tax for 2002 or prior years. If all of the minimum tax credit (claimed on Form 8801) could not be used for 2003, the excess could be carried forward to later years.

### **Miscellaneous Deductions Other Than Gambling**

(included in line 27, Schedule A)

Other fully deductible expenses included such items as impairment-related work expenses for disabled persons, and amortizable bonds. (See also "Miscellaneous Itemized Deductions" and "Total Itemized Deductions.")

### **Miscellaneous Deductions Subject to 2% AGI Limitation**

(lines 20-26, Schedule A)

See "Limited Miscellaneous Deductions" and "Miscellaneous Itemized Deductions."

### **Miscellaneous Itemized Deductions**

(lines 20-27, Schedule A)

Miscellaneous itemized deductions were divided into two types. The first, such as employee business expenses, included those items that were limited to the amount that exceeded 2 percent of adjusted gross income, while the expenses of the other types, such as gambling losses not in excess of gambling winnings, and casualty and theft losses of income producing property were fully deductible. (See also "Gambling Loss Deduction," "Limited Miscellaneous Deductions," and "Miscellaneous Deductions Other Than Gambling.")

### **Modified Taxable Income**

"Modified taxable income" is the term used to describe "income subject to tax," the actual base on which tax is computed for the statistics in Tables 3.4, 3.5, and 3.6. For most taxpayers filing current year returns, modified taxable income is identical to "taxable income." For those returns with a Form 8814, *Parents' Election To Report Child's Interest and Dividends* attached, modified taxable income includes the sum of all children's interest and dividend income taxed at a 10 percent rate, as well as the parent's taxable income.

For prior year returns included in the 2003 statistics, a modified taxable income was calculated by using the tax rate schedule for 2003 to impute a hypothetical taxable income amount necessary to yield the given amount of tax reported.

A person who has no tax will have no modified taxable income. Since the tax rate schedule is used to generate the modified taxable income, it is possible for a person to have up to four dollars of taxable income but have no modified taxable income because their tax reported would be zero.

### **Moving Expenses Adjustment**

(line 27, Form 1040)

Taxpayers deducted current-year qualified moving expenses in the calculation of adjusted gross income as a statutory adjustment. In order

to qualify for this deduction, the new work place had to be at least 50 miles farther from the former residence than the former work place. Deductible expenses included those incurred to move household and personal goods, and travel including lodging en route to the new residence. Expenses no longer deductible included: meals while moving from the old residence to the new residence; travel expenses for pre-move house hunting trips; expenses while occupying temporary quarters in the area of the new job; and qualified residence sale, purchase, and lease expenses.

### **Net Capital Gain in AGI less Loss**

See "Sales of Capital Assets, Net Gain or Loss."

### **Net Capital Gain Before Exclusion/Loss Before Limitation Post May 5, 2003**

See "Sales of Capital Assets, Net Gain or Loss."

### **Net Long-Term Gain or Loss from Sales of Capital Assets**

See "Sales of Capital Assets, Net Gain or Loss."

### **Net Long-Term Partnership/S-Corp Gain Less Loss Post May 5, 2003**

See "Sales of Capital Assets, Net Gain or Loss."

### **Net Operating Loss**

(included in line 21, Form 1040)

The excess loss of a business when taxable income for a prior year was less than zero. The loss could be applied to the AGI for the current year and carried forward up to 20 years. (See also "Other Income.")

### **Net Short-Term Gain or Loss from Sales of Capital Assets**

See "Sales of Capital Assets, Net Gain or Loss."

### **New York Liberty Zone Credit**

(included in line 52c, Form 1040)

The credit is 40 percent (25 percent for employees who worked fewer than 400 hours) of the qualified wages (up to \$6,000) for work performed during calendar year 2002 or 2003 by a New York Liberty Zone business employee.

### **Nonconventional Source Fuel Credit**

(included in line 52c, Form 1040)

This nonrefundable credit was available to taxpayers who sold fuel produced from a nonconventional source. Examples would be oil produced from shale and tar sands, gas produced from geopressured brine or biomass, and liquid, gaseous, or solid synthetic fuels produced from coal.

### **Nondeductible Passive Losses**

(calculated on Form 8582)

Nondeductible passive losses were calculated by subtracting deductible passive losses reported on Form 8582 (line 16) from total current year passive losses (lines 1b+2a+3b) and were limited to zero.

### **Nontaxable Returns**

See "Taxable and Nontaxable Returns."

### **Ordinary Dividends**

(line 9a, Form 1040)

See "Dividends."

### **Other Adjustments**

(included in line 33, Form 1040)

See "Statutory Adjustments."

### **Other Income**

(line 21, Form 1040)

Included in other income were items such as taxable distributions from a Coverdell education savings account, prizes, awards, jury duty fees, Alaska permanent fund dividends, qualified state tuition program earnings, reimbursements for medical expenses, real estate taxes, or home



mortgage interest taken as a deduction in a previous year, children's interest and non-qualified dividends (non-qualified) from Form 8814, and any other income subject to tax for which no specific line was provided on the return form. Any foreign-earned income exclusions or "net operating loss" in an earlier year (that was carried forward and deducted for 2003) were entered as a negative amount on this line by the taxpayer but edited into separate fields during service center processing. However, any employer-provided foreign housing exclusions were included in other income (as a negative amount). Gambling earnings, which were entered on this line by the taxpayer, were edited into a separate field during service center processing.

### **Other Payments**

(line 67, Form 1040)

See "Credit for Federal Tax on Gasoline and Special Fuels", "Credit from Regulated Investment Companies", and "Health Insurance Credit."

### **Other Tax Credits**

(included in lines 52c, 53, Form 1040)

"Other tax credits" is a residual category in the statistics. It includes other miscellaneous credits that did not belong in any other category and were used to offset income tax before credits.

### **Other Taxes Deduction**

(line 8, Schedule A)

Other taxes consisted of any deductible tax other than state and local income taxes, real estate taxes, and personal property taxes. Examples of other taxes are taxes paid to a foreign country or US possession. (See also "Personal Property Tax" and "Taxes Paid Deduction.")

### **Overpayment**

(line 69, Form 1040)

An overpayment of tax occurred when "total tax payments" exceeded "total tax." Overpayments included the amount of any "refundable portion of the earned income tax credit." An overpayment could be refunded or credited toward the estimated tax for the following year. (See also "Credit to 2004 Estimated Tax" and "Refund.")

### **Overpayment Refunded**

(line 70a, Form 1040)

See "Overpayment" and "Refund."

### **Parents' Election to Report Child's Interest and Dividends**

(calculated on Form 8814)

A parent could elect to report on his or her return income received by his or her child. If the election were made, the child was not required to file a return. A parent could make this election if the child:

- was under age 14 on January 1, 2004;
- had income only from interest and dividends including Alaska permanent fund dividends, and capital gain distributions;
- had gross income for 2003 that was more than \$750 but less than \$7,500;
- had no estimated tax payments for 2003;
- did not have any overpayment of tax shown on his or her 2002 return applied to the 2003 return; and
- had no Federal income tax withheld from his or her income (backup withholding).

If the parents were not filing a joint return, special rules applied to determine which parent could make the election. (See also "Modified Taxable Income.")

### **Partnership and S Corporation Net Income or Loss**

(line 32, Schedule E)

Partnerships and S Corporations (formerly Subchapter S Corporations) are not taxable entities; therefore, tax on their net profit or loss

was levied, in general, directly on the members of the partnership or shareholders of the S Corporation. The profit or loss shown in the statistics was the taxpayer's share of the ordinary gain or loss of the enterprise, and certain payments made to the taxpayer for the use of capital or, for partnership, as salary. Net long-term capital gains received from partnerships and S Corporations were reported on Schedule D.

If a return showed net income from one partnership or S Corporation and a net loss from another, the two were added together, and the return was tabulated by the net amount of income or loss in the appropriate column. Beginning in 1987, net income and net loss were reported separately for passive and non-passive partnership and S Corporation activities. Passive losses were limited under new rules to the amount that could offset passive income.

### **Partnership and S Corporation Net Income Less Loss**

See "Partnership and S Corporation Net Income or Loss."

### **Passive Activity Losses**

Losses generated by any "flow-through" business activity (such as partnerships or S Corporations for which profits and certain other amounts were passed directly through to the owners), in which the taxpayer did not "materially participate" (i.e., was not involved regularly and substantially in the operations of the activity) qualified as passive activity losses. (See also "Nondeductible Passive Losses.")

### **Payment with Request for Extension of Filing Time**

(line 66, Form 1040)

This payment was made when the taxpayer filed Form 4868, *Application for Automatic Extension of Time to File U.S. Individual Income Tax Return*, or Form 2688, *Application for Additional Extension of Time to File*. The extension granted the taxpayer an additional period of time to file a tax return, but did not extend the time for the payment of the expected

tax. Full payment of any tax due had to be made with the application for extension.

### **Payments to a Keogh Plan**

(line 30, Form 1040)

Self-employed individuals were allowed to contribute to a Keogh retirement plan or a simplified employment pension plan for themselves and to deduct all or part of such contributions in computing adjusted gross income. The amount which could be deducted was based on net earnings from self-employment.

### **Penalty on Early Withdrawal of Savings**

(line 31, Form 1040)

Taxpayers who paid penalties for the premature withdrawal of funds from time savings accounts or deposits could deduct those penalties as an adjustment to total income.

### **Penalty Tax on Qualified Retirement Plans**

(line 57, Form 1040)

If taxpayers withdrew any funds from an Individual Retirement Arrangement or qualified retirement plan before they were either age 59-1/2 or disabled, they were subject to a penalty tax equal to 10 percent of the premature distribution. Any taxpayer who failed to withdraw the minimum required distribution after reaching age 70-1/2 had to pay a 50 percent excise tax on the excess accumulation. Contributions to the IRA's in excess of the legal limitation for the year (the lesser of \$3,500, \$7,000 if married filing jointly, or the taxpayer's compensation for the year) were subject to an excise tax equal to 6 percent of the excess contribution.

### **Pensions and Annuities**

(lines 16a, 16b, Form 1040)

Generally, pensions are periodic income received after retirement for past services with an employer, while annuities are income payable at

stated intervals after payment of a specific premium. A taxpayer could acquire a pension or annuity either by purchase from a commercial organization (usually life insurance, endowment, or annuity contracts) or under a plan or contract connected with the taxpayer's employment. Those pensions or annuities obtained in connection with employment could be purchased entirely by the taxpayer or could be financed in part (a contributory plan) or in whole (a non-contributory plan) by contributions of the employer.

Since a non-contributory plan was paid for entirely by an employer, the amount received by the employee was fully taxable. This fully taxable pension was reported on lines 16a and 16b. For the taxpayer who participated in a contributory retirement plan while employed, the amount received was only partially taxable. In general, the amount excludable from gross income, the nontaxable portion, represented the taxpayer's contributions under the plan, while the taxable portion represented the employer's contribution and earnings on the entire investment. The nontaxable contribution had to be amortized over the expected lifetime of the taxpayer.

The entire amount of pensions and annuities received for the year was reported on line 16a of the Form 1040. The taxable portion was computed on a separate worksheet and entered on line 16b.

### **Personal Property Taxes Deduction**

(line 7, Schedule A)

Personal property tax could be included as a deduction if the tax was an annual tax based on value alone. (See also "Taxes Paid Deduction.")

### **Predetermined Estimated Tax**

#### **Penalty**

(line 73, Form 1040)

If a return showed taxes of \$1,000 or more owed on line 72 (tax due at time of filing) and this amount was more than 10 percent of the total tax, the taxpayer could owe a penalty, unless tax payments in the current year equaled or exceeded

prior-year tax liability (provided prior-year liability was greater than zero). Also, taxpayers could owe a penalty if they underpaid their 2003 estimated tax liability for any payment period. Form 2210 was used to determine the amount of a penalty, if any.

For this report, the predetermined estimated tax penalty includes only the amount calculated by the taxpayer when the return was initially filed.

### **Qualified Dividends**

(line 9b, Form 1040)

See "Dividends."

### **Real Estate Taxes**

(line 6, Schedule A)

This amount included taxes paid on real estate that was owned and not used for business by the taxpayer. The real estate taxes could only be used as a deduction if the taxes were based on the assessed value of the property. Also, the assessment had to be made uniformly on property throughout the community, and the proceeds had to be used for general community or governmental purposes. (See also "Taxes Paid Deductions").

### **Recapture Taxes**

(included in line 60, Form 1040)

See "Tax from Recomputing Prior Year Investment Credit."

### **Refund**

(line 70a, Form 1040)

A refund of tax included all overpayment of income taxes not applied by the taxpayer as a credit to the next year's estimated tax. (See also "Overpayment.")

### **Refund Credited to Next Year**

(line 71, Form 1040)

See "Credit to 2004 Estimated Tax."

### Regular Tax Computation

Typically, the taxpayer, in determining the amount of "tax generated," first computed taxable income. Depending on marital status and size of taxable income, the taxpayer then used the tax table or applied the rates from one of four tax rate schedules to determine tax. Also, returns of taxpayers who had taxes computed by the Internal Revenue Service were classified under the regular tax computation method. If a taxpayer filed a Form 8615 or had any long-term capital gains taxed at a rate less than the tax tables, then they were not considered as regular tax computations.

### Rent and Royalty Net Income

(lines 24, Schedule E)

This amount was the combination of rent income and royalty income. It is possible for a taxpayer to have both rent and royalty income and losses.

### Rent and Royalty Net Loss

(lines 25, Schedule E)

This amount was the combination of rent losses and royalty losses. This amount did not include passive losses that were not deductible, but included carryovers of previous years' passive losses. It is possible for a taxpayer to have both rent and royalty income and losses. (See also "Passive Activity Losses.")

### Rent Net Income or Loss

(line 22, columns A,B,C, Schedule E)

Rent net income or loss was determined by deducting from gross rent, the amounts for depreciation, repairs, improvements, interest, taxes, commissions, advertising, utilities, insurance, janitorial services, and any other allowable expenses related to the rented property. In the statistics, total rental net loss includes passive losses that were not deductible in figuring AGI. (See also "Passive Activity Losses." and "Total Rent and Royalty Income or Loss in AGI.")

### Rent Net Income Less Loss

See "Rent Net Income or Loss."

### Retirement Savings Contribution Credit

(line 48, Form 1040)

A taxpayer could take a credit of up to \$1,000 (\$2,000 if married filing jointly) for qualified retirement savings contributions, if their adjusted gross income was less than or equal to \$25,000 (\$37,500 if head of household, \$50,000 if married filing jointly).

### Roth IRA

(lines 16-25, Form 8606)

Unlike traditional IRAs, contributions to a Roth IRA were not deductible. However, qualified distributions from the earnings of a Roth IRA were tax-exempt. The contribution limit for Roth IRAs was the lesser of \$3,000 ((\$3,500 if age 50 or older) (\$6,000, \$6,500, or \$7,000 depending on if none, one, or two of the taxpayers were age 50 or older and married filing jointly)) or the individual's taxable compensation unless the taxpayer contributed to both Roth IRAs and traditional IRAs. In this case, the contribution limit for Roth IRAs was reduced by all contributions (other than employer contributions) to traditional IRAs for the taxable year. The eligibility for Roth IRAs was phased out for joint filers with modified AGI between \$150,000 and \$160,000, married taxpayers filing separately and living with their spouses with modified AGI between \$0 and \$10,000, and all other filers (single, head of household, and married filing separately and not living with their spouse at any time during the year) with modified AGI between \$95,000 and \$110,000. Contributions to Roth IRAs could be made after the taxpayer reached the age of 70½. Also, the minimum distribution rules did not apply to living taxpayers as they did for traditional IRAs.

Some taxpayers were also eligible to make taxable rollovers of traditional IRAs to Roth IRAs without paying the 10 percent tax on early withdrawals. Taxpayers had to have a modified

AGI of \$100,000 or less to be able to roll over a traditional IRA to a Roth IRA. When a taxpayer converted an amount from the traditional IRA to a Roth IRA, they were required to include in gross income the amount that they would have reported in income if they had made a withdrawal from this IRA. The taxpayer did not include in gross income any part of the conversion that was a nondeductible contribution in a traditional IRA. Married taxpayers filing separately could not take advantage of this rollover provision. (See also "Individual Retirement Arrangement Taxable Distributions.")

### **Royalty Net Income or Loss**

(line 22, columns A, B, C, Schedule E)

Net royalties consisted of gross royalties less deductions for depletion, depreciation, office rent, legal fees, clerical help, interest, taxes, and similar items. Gross royalties included revenues from oil, gas, and other mineral rights; revenue from patents; and revenue from literary, musical, or artistic works. Certain royalties received under a lease agreement on timber, coal, and domestic iron ore were eligible for capital gains or ordinary loss treatment under Code section 1231. As a result of the separate computation, those royalties are reflected in the statistics for "sales of capital assets" and "sales of property other than capital assets." (See also "Total Rent and Royalty Income or Loss in AGI.")

### **Royalty Net Income Less Loss**

See "Royalty Net Income or Loss."

### **S Corporations**

See "Partnership and S Corporation Net Income or Loss."

### **Salaries and Wages**

(line 7, Form 1040)

Salaries and wages as reported on the tax return were amounts of compensation primarily for personal services. The following items are included:

- salaries;
- wages;
- commissions;
- bonuses;
- tips;
- fees;
- excess reimbursement of employee business expenses;
- moving expenses allowances;
- the difference between the fair market value of certain property and the discount price for which it was purchased by a taxpayer from his or her employer;
- severance pay;
- sick pay;
- the value of exercising a stock appreciation right;
- directors' fees;
- vacation allowances;
- most disability payments;
- strike and lockout benefits;
- the value of certain non-monetary payments for services (e.g., merchandise, accommodations, certain meals or lodging, certain stock purchase plans, or property);
- dependent care benefits;
- employer provided adoption benefits; and
- scholarship and fellowship grants.

Identifiable amounts for any of these categories, which may have been reported by taxpayers as "other income," are treated as salaries and wages for the statistics.

### **Sales of Capital Assets, Net Gain or Loss $\Delta$**

(line 13a, Form 1040)

In general, capital assets for tax purposes included all property held for personal use or investment. Examples of such assets were furniture, automobiles, and stocks and bonds. Most assets used for business activities were specifically excluded from treatment as capital assets. (See also "Sales of Property Other Than Capital Assets, Net Gain or Loss.")

The following concepts are used in the computation of net capital gain or loss for this report:

*Long-term or short-term:* If the holding period was one year or less, the asset was considered short-term; otherwise, it was considered long-term. All capital gain distributions were considered long-term.

*Net capital gain:* If the combination of net short-term gain or loss and net long-term gain or loss resulted in a positive amount, the taxpayer had a net capital gain. The full amount of this gain, whether short-term or long-term was included in adjusted gross income.

*Net capital loss:* If the combination of net short-term gain or loss and net long-term gain or loss resulted in a negative amount, the taxpayer showed a net capital loss. The amount of net capital loss to be included in adjusted gross income was limited to the smaller of the actual net capital loss or \$3,000 (\$1,500 for married persons filing separately). Any excess capital losses over the \$3,000 limit could be carried over to subsequent tax years ("long-term loss carryover" and "short-term loss carryover" in the statistics).

Net capital gains taken after May 5, 2003 were subject to different tax rates than those taken earlier. The maximum long-term capital gains tax rate for most sales or exchanges of properties before or on May 5, 2003 was 20 percent (10 percent for taxpayers in the 15-percent tax bracket). The maximum rate for most net capital gains taken into account after May 5, 2003 had been reduced to 15 percent (generally, 5 percent for taxpayers in the 10- or 15-percent tax bracket). Collectible gains and up to 50 percent of eligible gains on qualified small business stock were taxed at the 28-percent rate. Gains from the sale of certain depreciable real property were taxed at a 25-percent rate. Qualified 5-year gain (long term capital gain from sale or other disposition of property held more than five years) were taxed at 8 percent to the extent the gain would otherwise be taxed at 10 percent. The 8 percent capital gain rate for qualified 5-year gains did not apply to gains after May 5, 2003. Therefore, the long-term capital gain tax rate could be 5-percent, 8-percent, 10-percent, 15-percent, 20-percent, 25-percent, or 28-percent.

Taxpayers who sold their main homes after May 6, 1997, were generally able to exclude from income up to \$250,000 (\$500,000 for married couples filing a joint tax return) of the gain on the sale of their homes.

### **Sales of Capital Assets Reported on Schedule D**

See "Sales of Capital Assets, Net Gain or Loss."

### **Sales of Property Other Than Capital Assets, Net Gain or Loss**

(line 14, Form 1040)

Property other than capital assets generally included property of a business nature, in contrast to personal or investment property, which were capital assets. Some types of property specifically included in this group were:

- (1) certain depreciable, depletable, and real business property;
- (2) accounts and notes receivable in the ordinary course of business generated from the sale of goods and services ordinarily held for sale by the business or includable in the inventory of the business;
- (3) certain copyrights, literary, musical, or artistic compositions, or similar properties; and
- (4) amounts resulting from certain "involuntary conversions," including net losses from casualty and theft.

Taxpayers reported all gains and losses not treated as capital gains on Form 4797, *Sales of Business Property*.

### **Self-Employed Health Insurance Deduction Δ**

(line 29, Form 1040)

Self-employed persons, or owners of more than 2 percent of outstanding stock of an S Corporation, if they were not eligible for health coverage under an employer-provided plan, were allowed to deduct, in the calculation of AGI, up

to 100 percent of the amount paid for health insurance for themselves and their families.

### **Self-Employment Tax $\Delta$**

(line 55, Form 1040)

The ceiling for social security tax on taxable self-employment income for 2003 was \$87,000. The limit did not apply for purposes of the Medicare tax. All net earnings greater than \$400 (\$108.28 for church employees) were also subject to the Medicare tax portion. (See also "Total Tax Liability.")

### **Short-Term Capital Gain or Loss**

(line 7b, Schedule D)

These include gains and losses from sale of capital assets held one year or less. (See "Sales of Capital Assets, Net Gain or Loss.")

### **Short-Term Capital Gain or Loss Post May 5, 2003**

See "Short-Term Capital Gain or Loss."

### **Short-Term Gain or Loss from Other Forms**

(line 4, Schedule D)

The other forms include:

- Short-term gains from Form 6252
- Short-term gain or loss from Forms 4684, 6781, and 8824

See "Sales of Capital Assets, Net Gain or Loss."

### **Short-Term Capital Gain or Loss from Other Forms Post May 5, 2003**

See "Short-Term Capital Gain or Loss from Other Forms."

### **Short-Term Loss Carryover**

(line 6, Schedule D)

These are short-term capital losses from the prior year Schedule D that are carried over to the current year. (See "Sales of Capital Assets, Net Gain or Loss.")

### **Size of Adjusted Gross Income**

(line 34, Form 1040)

The amount of adjusted gross income reported by the taxpayer on the return was the basis for classifying data by size of adjusted gross income. Returns without positive adjusted gross income, such as deficit returns or returns on which income and loss were equal, were classified as having "no adjusted gross income" and appear as a separate class in most basic tables. The absence of a class labeled "no adjusted gross income" indicates that any deficit or break-even returns in a table were included in the lowest income size class. See "Adjusted Gross Income Less Deficit."

### **Social Security Benefits**

(lines 20a, 20b, Form 1040)

Social security benefits included any monthly benefit under title II of the Social Security Act or the part of a "tier 1 railroad retirement benefit" that was equivalent to a social security benefit. Social security benefits were not taxable unless the taxpayer's total income (including tax-exempt interest) plus one-half of total social security benefits exceeded certain levels. The maximum taxable amount was up to 85 percent of the net social security benefits received. Social security benefits received were reported on Form 1040, line 20a and the taxable portion was reported on line 20b. Taxpayers who had no taxable benefits were not required to show the total benefits on their income tax returns.

### **Social Security and Medicare Tax on Tip Income**

(line 56, Form 1040)

Cash tips amounting to \$20 or more received by the taxpayer in a month while working for any one employer were subject to withholding of income tax, social security tax (or the equivalent railroad retirement tax), and Medicare tax. If the employer was unable to withhold the social security and Medicare tax, the amount of uncollected social security tax on tips was

indicated on the employee's Form W-2, and the employee was required to report the uncollected tax and pay it with the Form 1040. If the employee did not report the tips to the employer, the employee was required to compute the social security and Medicare tax on unreported tips on Form 4137 and attach it to Form 1040.

### Standard Deduction $\Delta$

(included in line 37, Form 1040)

For 2003, the basic standard deduction was increased. Taxpayers who were age 65 or over or blind could claim an additional standard deduction amount of \$950 or \$1,150 based on filing status. Both the basic and additional standard deductions were determined by marital filing status, as shown below.

#### *Single*

Basic deduction of \$4,750;

Each taxpayer 65 or over or blind was allowed an additional \$1,150 deduction each for age and blindness.

#### *Married filing jointly or surviving spouses*

Basic deduction of \$9,500;

Each taxpayer 65 or over or blind was allowed an additional \$950 deduction each for age and blindness.

#### *Married, filing separately*

Basic deduction of \$4,750;

Each taxpayer 65 or over or blind was allowed an additional \$950 deduction each for age and blindness.

#### *Head of Household*

Basic deduction of \$7,000;

Each taxpayer 65 or over or blind was allowed an additional \$1,150 deduction each for age and blindness.

The basic standard deduction claimed by filers who were dependents of other taxpayers was the greater of \$750 or the dependent's earned income plus \$250 (but not more than the regular standard deduction amount).

In the statistics, the basic standard deduction is tabulated for all taxpayers who claimed it, including those who were 65 or over and/or blind. The "additional standard deduction" total includes only the additional amount that was

taken by those taxpayers who were 65 or over and/or blind.

### State Income Tax Refund

(line 10, Form 1040)

If a taxpayer received a refund, credit, or offset of state or local income taxes in 2003 that was paid or deducted before 2003, all or part of that amount had to be reported as income to the extent that an itemized deduction for state and local taxes had previously resulted in a tax benefit.

### State and Local Income Taxes

(line 5, Schedule A)

State and local income taxes paid could be used as an itemized deduction if a taxpayer had state and local income tax withheld from their salary during 2003; had paid state and local income taxes directly during 2003 for a prior year, or had made mandatory contributions to specific state disability funds. (See also "Taxes Paid Deduction.")

### Statutory Adjustments

(lines 23-33, Form 1040)

Certain adjustments to total income were allowed as deductions in the calculation of adjusted gross income. For 2003, statutory adjustments included educator expenses, payments to an IRA, student loan interest deductions, tuition and fees deductions, moving expenses, the deduction for one-half of self-employment tax, the self-employed health insurance deduction, payments to a self-employed Keogh retirement plan or a simplified employee pension (SEP), penalty on early withdrawal of savings, alimony paid, and the foreign housing deduction. Each of the above items is described separately in this section. In addition, statutory adjustments included Archer medical savings account deductions, deduction for clean-fuel vehicles, performing-arts-related expenses, jury duty pay received by the taxpayer and given to the employer if the taxpayer continued to receive wages while on jury duty, deductible expenses related to income of



personal property, the reforestation/afforestation amortization deduction, and the repayment of supplemental unemployment benefits under the Trade Act of 1974, and employee business expenses of fee-basis state or local government officials. If not listed separately, these amounts are included in the "Other Adjustments" category in the statistics.

### **Student Loan Interest Deduction**

(line 25, Form 1040)

For 2003, eligible taxpayers were allowed to deduct up to \$2,500 for interest paid on qualified higher educational loans. The deduction was phased out for taxpayers with modified AGI between \$50,000 to \$65,000 (\$100,000 to \$130,000 for taxpayers filing a joint return).

### **Tax Credits**

See "Total Tax Credits."

### **Tax Due at Time of Filing**

(line 72, Form 1040)

"Tax due" was reported on returns on which total tax liability exceeded total tax payments.

### **Tax from Recomputing Prior-Year Investment Credit**

(included line 60, Form 1040)

The investment tax credit provisions of the law included a recapture rule which required taxpayers to pay back some or all of any investment credit previously taken on property disposed of before the end of the useful life claimed in computing the credit. The law specified that if property qualifying for the credit was disposed of before the end of its useful life, the tax for the year of disposal was increased by the difference between the credit originally claimed and the credit that would have been allowed based on the shorter actual life. Tax credits could not be applied against this additional tax. Also tax from recapture of an education credit was reported here.

### **Tax Generated $\Delta$**

(line 41, Form 1040)

This amount was the tax computed on modified taxable income. For 2003 there was a reduction of the former tax rates. The tax rates for 2003 were 10.0, 15.0, and new rates of 25.0, 28.0, 33.0, and 35.0 percent. The 10-percent bracket applied to taxable income equal to or below \$7,000 for single filers and married persons filing separately; \$14,000 for joint filers or surviving spouses; and \$10,000 for heads of household. The 15-percent bracket applied to taxable income in excess of the 10-percent bracket ceiling and equal to or below \$28,400 for single filers; \$56,800 for joint filers or surviving spouses; \$28,400 for married persons filing separately; and \$38,050 for heads of household. The 25.0 percent tax bracket applied to taxable income in excess of the 15-percent bracket ceiling and equal to or below \$68,800 for single filers; \$114,650 for joint filers or surviving spouses; \$57,325 for married persons filing separately; and \$98,250 for heads of household. The 28.0 percent tax rate applied to taxable income in excess of the 25.0 percent tax bracket ceiling and equal to or below \$143,500 for single filers; \$174,700 for joint filers or surviving spouses; \$87,350 for married persons filing separately; and \$159,100 for heads of households. The 33.0 percent tax rate applied to taxable income in excess of the 28.0 percent tax bracket ceiling and equal to or below \$311,950 for single filers, joint filers, or surviving spouses and heads of households and \$155,975 for married persons filing separately. The 35.0 percent tax rate applied to taxable income in excess of the upper boundary for the 33.0 percent tax bracket. The tax generated at each of these tax rates is shown in Tables 3.4, 3.5, and 3.6.

If children under age 14 had investment income that exceeded \$1,500, there were two methods of reporting this income. If the child filed his or her own return, the investment income that exceeded \$1,500 was taxed at the parents' rate on Form 8615 (the remaining investment income was taxed at the child's rate) and tabulated separately in Tables 3.4, 3.5, and

3.6. If the parents elected to report the child's investment income on their return, they attached a Form 8814. The investment income in excess of \$1,500 was included on either Form 1040, line 21 or in the case of capital gains distributions on either Form 1040, line 13 or Schedule D, line 13, or qualified dividends on Form 1040, line 9b. The remaining investment income in excess of the \$750 standard deduction was taxed at the child's rate, added to the parents' tax on Form 1040, line 41, and is also tabulated separately in Tables 3.4, 3.5, and 3.6.

On most returns, except those with additional taxes from special computations, "tax generated" equaled "income tax before credits." (See also "Modified Taxable Income" and "Rate Reduction Credit.")

### **Tax Payments**

(lines 61, 62, 64, 66-68, Form 1040)

These payments were generally made before the return was filed and were applied against tax liability to determine any amount payable or refundable at the time of filing. They consisted of the following:

- (1) income tax withheld, including backup withholding;
- (2) estimated tax payments (including those from overpayment on 2002 return);
- (3) payment with request for extension of filing time;
- (4) excess social security, Medicare, or railroad retirement tax withheld;
- (5) credit for tax on certain gasoline, fuel, and oil; and
- (6) credit from regulated investment companies.

Each of the above is described under a separate heading in this section.

Although the earned income credit was included with tax payments on the tax return itself (line 63, Form 1040), for the statistics it is treated partly as a credit against income tax liability and partly as a refundable amount. (See also "Earned Income Credit.") Also, the additional child credit was included on the tax

return as a payment but not treated that way for the statistics.

### **Tax Penalty**

(line 73, Form 1040)

See "Predetermined Estimated Tax Penalty."

### **Tax Preparation Fees**

(line 21, Schedule A)

Tax preparation fees were included on Schedule A as a miscellaneous deduction, the total of which was subject to a 2 percent of AGI floor. The amounts reported in the statistics are prior to this floor. (See also "Limited Miscellaneous Deductions.")

### **Tax Rates, Tax Rate Classes**

See "Tax Generated."

### **Tax Withheld**

(line 61, Form 1040)

See "Income Tax Withheld."

### **Tax-Exempt Interest**

(line 8b, Form 1040)

Tax-exempt interest included interest on certain State and municipal bonds, as well as any tax-exempt interest dividends from a mutual fund or other regulated investment company. This was an information reporting requirement and did not convert tax-exempt interest into taxable interest. It is included as income for certain programs, for example for the earned income credit or taxability of social security benefits.

### **Taxable and Nontaxable Returns**

The taxable and nontaxable classification of a return for this report is determined by the presence of "total income tax". Some returns classified as "nontaxable" may have had a liability for other taxes, such as self-employment tax, uncollected employee social security and medicare tax on tips, tax from recomputing prior-year investment credit, penalty taxes on individual retirement accounts, Section 72 penalty taxes, advance earned income credit

payments, household employment taxes, or golden parachute payments. These taxes, however, were disregarded for the purposes of this classification since three of the above taxes were considered social security (rather than income) taxes, and the remaining ones, except for advance earned income payments, were either based on prior year's income or were penalty taxes.

For this report, the earned income credit is treated first as an amount used to offset income tax before credits. Since the earned income credit was refundable, it was subtracted from income tax (for the statistics) after reduction by all other statutory credits. As a result, some returns became nontaxable strictly because of the earned income credit and the earned income credit equaled or exceeded income tax before credits reduced by any other credits.

It should be noted that classification as taxable or nontaxable was based on each return as it was filed and does not reflect any changes resulting from audit or other enforcement activities. (See also, "Total Income Tax.")

### **Taxable Income**

(line 40, Form 1040)

Taxable income was derived by subtracting from adjusted gross income any exemption amount and either total itemized deductions or the standard deduction. (See "Modified Taxable Income.")

### **Taxable Interest Received**

(line 8a, Form 1040)

This amount was the taxable portion of interest received from bonds, debentures, notes, mortgages, certain insurance policy proceeds, personal loans, bank deposits, savings deposits, tax refunds, and U.S. savings bonds. Also included as interest were "dividends" on deposits or withdrawable accounts in mutual savings banks, savings and loan associations, and credit unions. Interest on state or local government obligations remained tax-exempt, but the total tax-exempt interest had to be reported on line 8b of Form 1040. It was not included in the

taxpayer's income for tax purposes. (See also "Tax-Exempt Interest.")

### **Taxable IRA Distributions (in AGI)**

(line 15b, Form 1040)

See "Individual Retirement Arrangement Taxable Distributions."

### **Taxable Pensions and Annuities (in AGI)**

(line 16b, Form 1040)

See "Pensions and Annuities."

### **Taxable Social Security Benefits**

(line 20b, Form 1040)

See "Social Security Benefits."

### **Taxes Paid Deduction**

(lines 5-9, Schedule A)

Taxes allowed as an itemized deduction from adjusted gross income, included personal property taxes, state and local income taxes, taxes paid to foreign countries or U.S. possessions (unless a foreign tax credit was claimed), and real estate taxes except those levied for improvements that tended to increase the value of the property. Mandatory employee contributions to a state disability fund and employee contributions to a state unemployment fund were also included. Federal taxes were not deductible.

Taxes paid on business property were deducted separately on the schedules for business, rent, royalty, and farm income and are excluded from the "taxes paid" statistics in this report.

### **Total Income**

(line 22, Form 1040)

Total income was the sum of the individual income items (lines 7 through 21) before adjustments.

### Total Income Tax

(line 54 + any Form 4970 tax on line 60 - line 63, limited to zero, on Form 1040)

Total income tax was the sum of income tax after credits (including the subtraction of the earned income credit). For 2003, total income tax included the tax from Form 4970 (\$5.6 million). It did not include any of the other taxes that made up total tax liability. Total income tax was the basis for classifying returns as taxable or nontaxable.

### Total Itemized Deductions $\Delta$

(included in line 37, Form 1040)

Itemized deductions from adjusted gross income could be claimed for medical and dental expenses, certain taxes paid, interest paid, charitable contributions, casualty and theft losses, and miscellaneous deductions. Itemized deductions were claimed only if they exceeded the total standard deduction, with three exceptions. First, if a taxpayer was married and filing separately, and his or her spouse itemized deductions, the spouse was required to itemize as well. Second, taxpayers in several states were required to itemize deductions on their Federal tax returns if they wished to itemize on their State returns. Third, if a taxpayer benefited for alternative minimum tax purposes, they might itemize even though the standard deduction was larger. The total amount of itemized deductions was tabulated only from returns showing positive adjusted gross income.

If a taxpayer had AGI in excess of \$139,500 (\$69,750 if married filing separately), his or her itemized deductions may have been limited. The limitation did not apply to the deductions for medical and dental expenses, investment interest expenses, casualty or theft losses, and gambling losses. To arrive at allowable itemized deductions, total itemized deductions were reduced by the smaller of: a) 3 percent of the amount of AGI in excess of \$139,500 (\$69,750) or b) 80 percent of the non-exempt deductions. Therefore, total itemized deductions is the sum of the separate deductions cited above, less the itemized deduction limitation.

### Total Miscellaneous Deductions

See "Miscellaneous Itemized Deductions."

### Total Rent and Royalty Income or Loss

(line 26 plus lines 39 and 40, Schedule E)

This income concept consisted of all rent and royalty income and loss that was used in computing adjusted gross income, including farm rental income and suspended rental loss carry-over from prior years. It excluded the portion of rental losses that was not deductible in computing adjusted gross income due to the passive loss rules. Income or loss from real estate mortgage investment conduits were also included in this concept.

### Total Statutory Adjustments

(line 33, Form 1040)

Total statutory adjustments was the sum of the individual adjustments to income (lines 23-33) (Note: foreign housing, Archer MSA, certain business expenses of reservists and performing artists, and other adjustments are reported on line 33).

### Total Tax Credits

(lines 53, 63, Form 1040)

For this report, total tax credits consists of the following:

- (1) foreign tax credit;
- (2) child care credit;
- (3) credit for the elderly and disabled;
- (4) education credits;
- (5) retirement savings contributions credit;
- (6) child tax credit;
- (7) adoption credit;
- (8) mortgage interest credit;
- (9) District of Columbia first time homebuyers credit;
- (10) general business credit;
- (11) minimum tax credit;
- (12) qualified electric vehicle credit;
- (13) empowerment zone and renewal community employment credit;
- (14) New York liberty zone credit;
- (15) nonconventional source fuel credit and;

- (16) other tax credits;  
 (17) earned income credit (EIC) used to offset income tax before credits

These amounts were deducted from income tax before credits to arrive at income tax after credits. For the statistics, the portion of the EIC that did not result in a negative amount is tabulated as "earned income credit used to offset income tax before credits." Any remaining EIC amount could be refunded or applied to other taxes, and is classified separately as "earned income credit refundable portion," or "earned income credit used to offset other taxes." All other credits were limited to the amount needed to offset income tax before credits and were not refundable or used to offset any other taxes.

### **Total Tax Liability**

(line 60 modified by the earned income credit and additional child tax credit, Form 1040)

Total tax liability was the sum of income tax after credits, self-employment tax, social security and Medicare tax on tips, tax from recapturing prior-year investment credits, low income housing credit, qualified electric vehicle credit, or Indian employment credit, tax from recapture of federal mortgage subsidy, taxes from qualified plans (including individual retirement accounts) and other tax favored accounts, Section 72 penalty taxes, household employment taxes, tax on golden parachute payments and Form 4970 tax. These taxes were then reduced by the earned income credit used to offset all other taxes (defined under "Earned Income Credit" and "Additional Child Tax Credit"). For the statistics, unlike the Form 1040, total tax liability does not include any advance earned income credit payments.

### **Total Tax Payments**

See "Tax Payments."

### **Total Taxable IRA Distributions**

See "Taxable IRA Distributions."

### **Total Unlimited Miscellaneous Deductions**

(line 27, Schedule A)

See "Miscellaneous Itemized Deductions."

### **Tuition and Fees Deduction Δ**

(line 26, Form 1040)

A taxpayer was able to deduct up to \$3,000 of the qualified tuition and fees paid for themselves, a spouse, or dependents if the taxpayer's modified AGI was under \$65,000 (\$130,000 if married filing jointly). This deduction could not be taken if the person could be claimed as a dependent on another taxpayer's return or if they claimed the education credit for the same student.

### **Type of Tax Computation**

(line 41, Form 1040)

Tabulations in Table 3.1 include three methods of computing the tax on income subject to tax. These methods were:

- (1) regular tax, as computed from the tax tables or tax rate schedules accompanying the Forms 1040, 1040A, or 1040EZ. Schedule J, *Farm Income Averaging*, returns are included with regular tax. (See also "Regular Tax Computation");
- (2) Form 8615, used to compute the tax on investment income of children under 14; and
- (3) Schedule D, Form 1040, used to compute the tax on long-term capital gains (in excess of short-term capital losses.) These include returns with capital gain distributions reported on Form 1040 or qualified dividends, also. This tax could be at various rates, 5, 8, 10, 15, 20, 25, or 28 percent.

### **Unemployment Compensation**

(line 19, Form 1040)

All unemployment compensation received was taxable. It did not include any supplemental unemployment benefits received from a company-financed supplemental unemployment benefit fund, which were included in salaries and wages.

**Unreimbursed Employee Business Expenses**

(line 20, Schedule A)

This item, added together with most other miscellaneous itemized deductions, was subject to a floor of 2 percent of AGI. Unreimbursed employee business expenses included travel, transportation, meal, and entertainment costs incurred while based at or away from home in the performance of job duties. In most cases, fifty percent of meal and entertainment expenses were deductible, and were calculated on Form 2106, *Employee Business Expenses*. Many other expenses such as union dues, safety equipment, uniforms, protective clothing, and physical examinations were also deductible. Travel expenses away from home, which were paid or incurred, were not deductible if the period of temporary employment was more than one year. The amounts reported in the statistics were prior to the 2 percent floor. (See also "Limited Miscellaneous Itemized Deductions.")

# Section 5

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U.S. Individual Income Tax Return 2003

Label (Last name, first name, and initial), Social Security Number, and other identifying information.

Filing Status (Single, Married, etc.) and dependent information.

Exemptions (Spouse, Dependents, etc.) and other tax-related details.

Income (Wages, Dividends, etc.) and Adjusted Gross Income section.

Other Taxes, Payments, Refund, and Designee sections.

Tax and Credits

Standard deduction, itemized deductions, tax credits, and other tax benefits.

Other Taxes

Self-employment tax, Social Security and Medicare tax, and other taxes.

Payments

Federal income tax withheld, estimated tax payments, and other payments.

Refund

Direct deposit, routing number, and account number for refund.

Designee

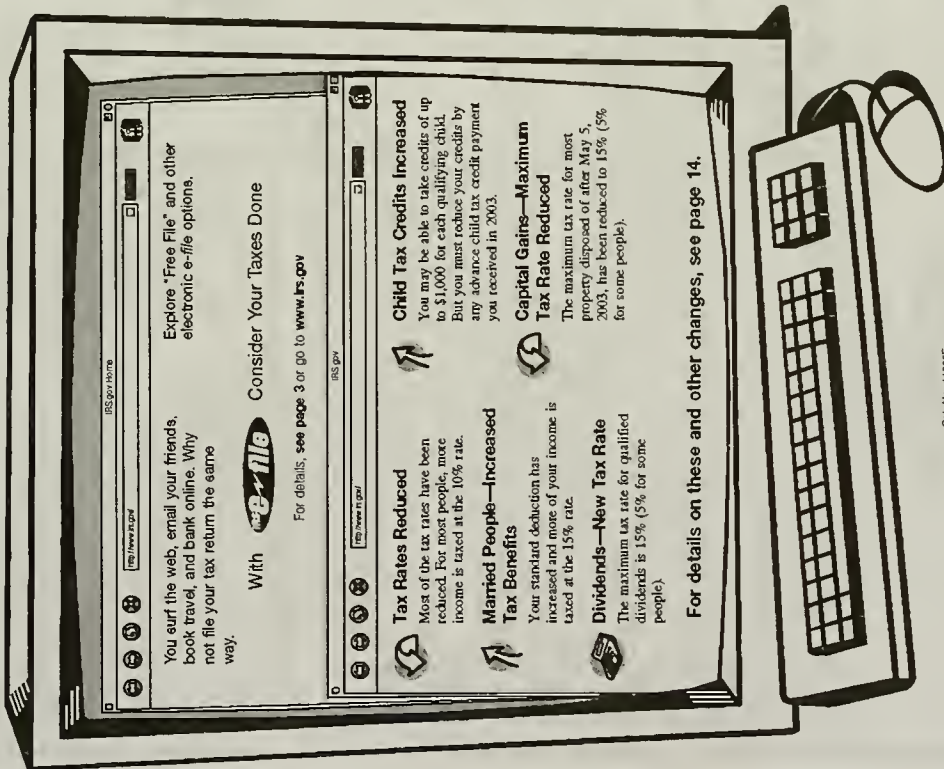
Signature, date, and contact information for a designee.



Note: This booklet does not contain any tax forms.

# 20031040

**Instructions** including Instructions for Schedules A, B, C, D, E, F, J, and SE



Call No. 11325E

## A Message From the Commissioner

Dear Taxpayer,

One of the unique features of our democracy is the generation of tax revenues through a system of individual self-assessment. As President Kennedy wrote in a special message to Congress more than 40 years ago, "The integrity of such a system depends upon the continued willingness of the people honestly and accurately to discharge this annual price of citizenship." Those words remain as true today as when they were written in 1961.

We at the IRS are committed to helping you understand and meet this important obligation. I want to assure you that, as we review your return, we will hold ourselves to the highest standards of fairness and consistency in determining your compliance with the law.

I also would encourage you to e-file your return. IRS e-file is fast, safe, and accurate. You can find answers about e-file—and indeed many of your other tax questions—at our website at [www.irs.gov](http://www.irs.gov).

Thank you for taking the time to complete your return and for paying your taxes.

Sincerely,

Mark W. Everson

## The IRS Mission

Provide America's taxpayers top quality service by helping them understand and meet their tax responsibilities and by applying the tax law with integrity and fairness to all.

**Tax Return Page Reference**

Questions about what to put on a line? Help is on the page number in the circle.

**1040**

**U.S. Individual Income Tax Return 2003**

Department of the Treasury—Internal Revenue Service  
OMB No. 1545-0047

Label  
A Your name and address  
B Your name and address  
C Other name or address  
D Your name and address  
E Your name and address  
F Your name and address  
G Your name and address  
H Your name and address  
I Your name and address  
J Your name and address  
K Your name and address  
L Your name and address  
M Your name and address  
N Your name and address  
O Your name and address  
P Your name and address  
Q Your name and address  
R Your name and address  
S Your name and address  
T Your name and address  
U Your name and address  
V Your name and address  
W Your name and address  
X Your name and address  
Y Your name and address  
Z Your name and address

**10** Note: Checking "Yes" will not change your tax or reduce your refund. Do you or your spouse filing a joint return with 1040 or 1041?  No  Yes

**11** Filing Status  
1 Single  2 Married filing jointly  3 Married filing separately  4 Qualifying widow(er)  5 Head of household  6 Other

**12** Exemptions  
a Spouse  b Dependents  c Other

7	Wages, salaries, tips, etc. (Attach Forms W-2)	7	22
8a	Taxable interest (Attach Schedule B if required)	8a	22
8b	Tax-exempt interest (Do not include on line 8a)	8b	23
9a	Ordinary dividends (Attach Schedule D if required)	9a	23
9b	Qualified dividends (see page 23)	9b	23
10	Taxable refunds, credits, or offsets of state and local income taxes (see page 23)	10	24
11	Alimony received	11	24
12	Business income or (loss) (Attach Schedule C or C-EZ)	12	24
13a	Capital gain or (loss) (Attach Schedule D if required)	13a	24
13b	Other capital gain or (loss) (Attach Schedule D if required)	13b	24
14	Other income (Attach Schedule E if required)	14	24
15a	IRA distributions	15a	25
15b	IRA distributions (continued)	15b	25
16a	Pensions and annuities	16a	25
16b	Pensions and annuities (continued)	16b	25
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. (Attach Schedule E)	17	25
18	Farm income or (loss) (Attach Schedule F)	18	25
19	Unemployment compensation	19	25
20a	Social Security benefits	20a	25
20b	Social Security benefits (continued)	20b	25
21	Other income, net of expenses and amount (see page 27)	21	25
22	Add the amounts on lines 7 through 21. This is your total income	22	25
23	IRA deduction (see page 23)	23	26
24	IRA deduction (continued)	24	26
25	Student loan interest deduction (see page 31)	25	26
26	Tuition and fees deduction (see page 32)	26	26
27	Moving expenses (Attach Form 3903)	27	26
28	Charitable contributions (see page 33)	28	26
29	Self-employed health insurance deduction (see page 33)	29	26
30	Self-employed SEP, SIMPLE, and qualified plans	30	26
31	Penny stock early withdrawal tax (see page 34)	31	26
32a	Alimony paid	32a	26
32b	Alimony received	32b	26
33	Add lines 23 through 32a	33	26
34	Subtract line 33 from line 22. This is your adjusted gross income	34	26

**Adjusted Gross Income**

23	IRA deduction (see page 23)	23	26
24	IRA deduction (continued)	24	26
25	Student loan interest deduction (see page 31)	25	26
26	Tuition and fees deduction (see page 32)	26	26
27	Moving expenses (Attach Form 3903)	27	26
28	Charitable contributions (see page 33)	28	26
29	Self-employed health insurance deduction (see page 33)	29	26
30	Self-employed SEP, SIMPLE, and qualified plans	30	26
31	Penny stock early withdrawal tax (see page 34)	31	26
32a	Alimony paid	32a	26
32b	Alimony received	32b	26
33	Add lines 23 through 32a	33	26
34	Subtract line 33 from line 22. This is your adjusted gross income	34	26

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see page 77. Cat. No. 113206 Form 1040 (2003)



consider it done

**What is IRS e-file?**

It's the fastest, easiest and most convenient way to file your income tax return electronically. So easy, \$3 million taxpayers preferred e-file over filing a paper income tax return last year. For all the details and latest information, visit the IRS website at [www.irs.gov/efile](http://www.irs.gov/efile).

**What are the benefits?**

- Free File Options!
  - At least 60 percent of taxpayers—or 78 million—are eligible to use free commercial online tax preparation software to e-file.
  - Visit [www.irs.gov](http://www.irs.gov) to see if you qualify and to access these free services offered by the tax software industry (not the IRS).
- Fast! Easy! Convenient!
  - Get your refund in half the time as paper filers do, even faster and safer with Direct Deposit—in as few as 10 days. See page 36.
  - Sign electronically and file a completely paperless return. See page 58.
  - Receive an electronic proof of receipt within 48 hours that the IRS received your return.
  - If you owe, you can e-file and authorize an electronic funds withdrawal or pay by credit card. If you e-file before April 15, 2004, you can schedule an electronic funds withdrawal from your checking or savings account as late as April 15, 2004. See page 57.
  - Prepare and file your Federal and state returns together and save time.
- Accurate! Secure!
  - IRS computers quickly and automatically check for errors or other missing information.
  - The error rate for e-filed returns is less than 1 percent.
  - The chance of being audited does not differ whether you e-file or file a paper tax return.
  - Your bank account information is safeguarded along with other tax return information. The IRS does not have access to credit card numbers.

Visit the IRS website at [www.irs.gov/efile](http://www.irs.gov/efile) for details.



**How to e-file?**

Use an Authorized IRS e-file Provider

Many tax professionals electronically file tax returns for their clients. As a taxpayer, you have two options:

- You can prepare your return, take it to an Authorized IRS e-file Provider, and have the provider transmit it electronically to the IRS, or
- You can have a tax professional prepare your return and transmit it for you electronically.

Tax professionals may charge a fee for IRS e-file. Fees may vary depending on the professional and the specific services rendered.

**Use a Personal Computer**

You can file your income tax return in a fast, easy, convenient way using your personal computer. A computer with a modem or Internet access and tax preparation software are all you need. You can e-file from the comfort of your home 24 hours a day, 7 days a week. Best of all, you may qualify for Free File. Visit [www.irs.gov](http://www.irs.gov) for details.

IRS approved tax preparation software is available for online use on the Internet, or download from the Internet, and in retail stores. Visit [www.irs.gov/efile](http://www.irs.gov/efile) for details.

If you do not qualify for the Free File options, visit our Partners Page for partners that offer other free or low-cost filing options at [www.irs.gov/efile](http://www.irs.gov/efile).

Tax Return Page Reference

Questions about what to put on a line? Help is on the page number in the circle.

<b>Tax and Credits</b>	36 Amount from the 14 (adjusted gross income) <input type="checkbox"/> <b>36</b>	37 <input type="checkbox"/> <b>37</b>	38 <input type="checkbox"/> <b>38</b>	39 <input type="checkbox"/> <b>39</b>	40 <input type="checkbox"/> <b>40</b>	41 <input type="checkbox"/> <b>41</b>	42 <input type="checkbox"/> <b>42</b>	43 <input type="checkbox"/> <b>43</b>	44 <input type="checkbox"/> <b>44</b>	45 <input type="checkbox"/> <b>45</b>	46 <input type="checkbox"/> <b>46</b>	47 <input type="checkbox"/> <b>47</b>	48 <input type="checkbox"/> <b>48</b>	49 <input type="checkbox"/> <b>49</b>	50 <input type="checkbox"/> <b>50</b>	51 <input type="checkbox"/> <b>51</b>	52 <input type="checkbox"/> <b>52</b>	53 <input type="checkbox"/> <b>53</b>	54 <input type="checkbox"/> <b>54</b>	55 <input type="checkbox"/> <b>55</b>	56 <input type="checkbox"/> <b>56</b>	57 <input type="checkbox"/> <b>57</b>	58 <input type="checkbox"/> <b>58</b>	59 <input type="checkbox"/> <b>59</b>	60 <input type="checkbox"/> <b>60</b>	61 <input type="checkbox"/> <b>61</b>	62 <input type="checkbox"/> <b>62</b>	63 <input type="checkbox"/> <b>63</b>	64 <input type="checkbox"/> <b>64</b>	65 <input type="checkbox"/> <b>65</b>	66 <input type="checkbox"/> <b>66</b>	67 <input type="checkbox"/> <b>67</b>	68 <input type="checkbox"/> <b>68</b>	69 <input type="checkbox"/> <b>69</b>	70 <input type="checkbox"/> <b>70</b>	71 <input type="checkbox"/> <b>71</b>	72 <input type="checkbox"/> <b>72</b>																							
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<b>Sign Here</b>	71 <input type="checkbox"/> <b>71</b>		72 <input type="checkbox"/> <b>72</b>		73 <input type="checkbox"/> <b>73</b>		74 <input type="checkbox"/> <b>74</b>		75 <input type="checkbox"/> <b>75</b>		76 <input type="checkbox"/> <b>76</b>		77 <input type="checkbox"/> <b>77</b>		78 <input type="checkbox"/> <b>78</b>		79 <input type="checkbox"/> <b>79</b>		80 <input type="checkbox"/> <b>80</b>		81 <input type="checkbox"/> <b>81</b>		82 <input type="checkbox"/> <b>82</b>		83 <input type="checkbox"/> <b>83</b>		84 <input type="checkbox"/> <b>84</b>		85 <input type="checkbox"/> <b>85</b>		86 <input type="checkbox"/> <b>86</b>		87 <input type="checkbox"/> <b>87</b>		88 <input type="checkbox"/> <b>88</b>		89 <input type="checkbox"/> <b>89</b>		90 <input type="checkbox"/> <b>90</b>		91 <input type="checkbox"/> <b>91</b>		92 <input type="checkbox"/> <b>92</b>		93 <input type="checkbox"/> <b>93</b>		94 <input type="checkbox"/> <b>94</b>		95 <input type="checkbox"/> <b>95</b>		96 <input type="checkbox"/> <b>96</b>		97 <input type="checkbox"/> <b>97</b>		98 <input type="checkbox"/> <b>98</b>		99 <input type="checkbox"/> <b>99</b>		100 <input type="checkbox"/> <b>100</b>	

IRS Customer Service Standards

- At the IRS, our goal is to continually improve the quality of our services. To achieve that goal, we have developed customer service standards in the following areas:
    - Easier filing and payment options
    - Access to information
    - Accuracy
  - Prompt refunds
  - Canceling penalties
  - Resolving problems
  - Simpler forms
- If you would like information about the IRS standards and a report of our accomplishments, see Pub. 2183.

Help With Unresolved Tax Issues

Office of the Taxpayer Advocate

Contacting Your Taxpayer Advocate

If you have attempted to deal with an IRS problem unsuccessfully, you should contact your Taxpayer Advocate.

The Taxpayer Advocate independently represents your interests and concerns within the IRS by protecting your rights and resolving problems that have not been fixed through normal channels.

While Taxpayer Advocates cannot change the tax law or make a technical tax decision, they can clear up problems that resulted from previous contacts and ensure that your case is given a complete and impartial review.

Handling Your Tax Problems

Your assigned personal advocate will listen to your point of view and will work with you to address your concerns. You can expect the advocate to provide you with:
 

- A "fresh look" at your new or on-going problem
- Timely acknowledgment
- The name and phone number of the individual assigned to your case
- Updates on progress
- Timeframes for action
- Speedy resolution
- Courteous service

Information You Should Be Prepared To Provide


- Your name, address, and social security number (or employer identification number)
- Your telephone number and hours you can be reached
- The type of tax return and year(s) involved
- A detailed description of your problem
- Your previous attempts to solve the problem and the office you contacted, and
- Description of the hardship you are facing (if applicable)

How To Contact Your Taxpayer Advocate

- Call the Taxpayer Advocate's toll-free number: 1-877-777-4778
- Call, write, or fax the Taxpayer Advocate office in your area (see Pub. 1546 for addresses and phone numbers)
- TTY/TDD help is available by calling 1-800-829-4839
- Visit the website at [www.irs.gov/advocate](http://www.irs.gov/advocate)


# Quick and Easy Access to Tax Help and Forms

Note: If you live outside the United States, see Pub. 54 to find out how to get help and forms.



**Internet**  
You can access the IRS website 24 hours a day, 7 days a week, at [www.irs.gov](http://www.irs.gov) to:

- Access commercial tax preparation and e-file services available for FREE to eligible taxpayers
- Find out the amount of advance child tax credit payments you received in 2003
- Check the status of your 2003 refund
- Download forms, instructions, and publications
- Order IRS products online
- See answers to frequently asked tax questions
- Search publications online by topic or keyword
- Figure your withholding allowances using our W-4 calculator
- Send us comments or request help by email
- Sign up to receive local and national tax news by email



**Phone**  
You can order forms and publications and receive automated information 24 hours a day, 7 days a week, by phone.

## Forms and Publications

Call 1-800-TAX-FORM (1-800-829-3676) to order current year forms, instructions, and publications, and past year forms and instructions. You should receive your order within 10 days.

## Teletax Topics

Call 1-800-829-4477 to listen to pre-recorded messages covering about 150 tax topics. See pages 11 and 12 for a list of the topics.

## Refund Information


You can check the status of your 2003 refund. See page 11 for details.

## CD-ROM


Order Pub. 1796, Federal Tax Products on CD-ROM, and get:

- Current year forms, instructions, and publications
  - Prior year forms, instructions, and publications
  - Frequently requested tax forms that may be filled in electronically, printed out for submission, and saved for recordkeeping
  - The Internal Revenue Bulletin
- Buy the CD-ROM on the Internet at [www.irs.gov/ebsorders](http://www.irs.gov/ebsorders) from the National Technical Information Service (NTIS) for \$22 (no handling fee) or call 1-877-CDFORMS (1-877-233-6767) toll free to buy the CD-ROM for \$22 (plus a \$5 handling fee).


You can also get help in other ways... See page 61 for information.



**Fax**  
You can get over 100 of the most requested forms and instructions 24 hours a day, 7 days a week, by fax. Just call 703-368-6694 from the telephone connected to the fax machine. See pages 8 and 9 for a list of the items available. For help with transmission problems, call 703-457-3668.



**Mail**  
You can order forms, instructions, and publications by completing the order blank on page 75. You should receive your order within 10 days after we receive your request.



**Walk-in**  
You can pick up some of the most requested forms, instructions, and publications at many IRS offices, post offices, and libraries. Some grocery stores, city and county government offices, credit unions, and office supply stores have a collection of reproducible tax forms available to photocopy or print from a CD-ROM.

# Forms by Fax

The following forms and instructions are available through our Tax Fax service 24 hours a day, 7 days a week. Just call 703-368-6694 from the telephone connected to the fax machine. Long distance charges may apply. When you call, you will hear instructions on how to use the service. Select the option for getting forms. Then, enter the Catalog Number (Cat. No.) shown below for each item you want. When you hang up the phone, the fax will begin.

Name of Form or Instructions	Cat. No.	No. of Pages	Title of Form or Instructions	Name of Form or Instructions	Cat. No.	No. of Pages
Form 304	1505	1	Application for Employer Identification Number	Schedule A-BE (Form 1041)	1133	2
Form 55-E	1576	6	Employment of Worker Status for Employer's Federal Income Tax Withholding	Form 1041-AB	4422	3
Form 55-B	15100	5	Employer's Withholding Allowance Certificate	Form 1041-BC	11334	2
Form W-4	1-270	2	Withholding Certificate for Pension or Annuity Payments	Form 1041-D	2437	3
Form W-4E	10275	4	Employer's Withholding Allowance Certificate	Form 1041-E	14374	2
Form W-5	1-0271	3	Employer's Withholding Allowance Certificate	Form 1041-F	11335	2
Form W-7	1-0279	4	Application for IRS Individual Taxpayer Identification Number	Form 1041-G	24331	11
Form W-7A	24309	-	Number for Pending S-Adoptive Identification Number	Form 1041-H	10424	2
Form W-7E	24781	1	Request for Taxpayer Identification Number and Confirmation	Form 1041-I	11344	2
Form W-9	10201	4	Request for Taxpayer Identification Number and Confirmation	Form 1041-J	24372	6
Form W-9	20479	4	Request for the Status of an Exempt or Nonexempt Organization	Form 1041-K	11333	2
Form W-9S	25240	2	Request for the Status of an Exempt or Nonexempt Organization	Form 1041-L	11346	2
Form W-10	10427	1	Request for the Status of an Exempt or Nonexempt Organization	Form 1041-M	17152	4
Form 709	14783	4	U.S. Gift and Taxative-Stamping Transfer Tax Return	Form 1041-N	12187	2
Form 709	16784	15	U.S. Gift and Taxative-Stamping Transfer Tax Return	Form 1041-O	21473	8
Form 843	10780	1	Claim for Refund and Request for Abatement	Form 1041-P	25414	5
Form 843	11234	2	Claim for Refund and Request for Abatement	Form 1041-Q	11357	2
Form 843	13663	6	Employer's Annual Referral (Employment) (EUTA) Tax Return	Form 1041-R	4704	4
Form 843-EZ	10683	2	Employer's Annual Referral (Employment) (EUTA) Tax Return	Form 1041-S	11227	2
Form 843-EZ	27487	5	Employer's Quarterly Referral Tax Return	Form 1041-T	12077	2
Form 41	17001	4	Supporting Statement To Come	Form 1041-U	10149	2
Form 41	14225	4	Supporting Statement To Come	Form 1041-V	20124	2
Form 416	11342	4	Form 416	Form 1041-W	12064	2
Form 930	11352	6	Form 930	Form 1041-X	12064	2
Form 930-EZ	22886	16	Form 930-EZ	Form 1041-Y	12064	2
Form 940	20012	14	Form 940	Form 1041-Z	11364	5
Form 940-EZ	11385	6	Form 940-EZ	Form 1041-AB	11368	4
Form 940-EZ	11385	6	Form 940-EZ	Form 1041-BC	21534	2
Form 940-EZ	11385	6	Form 940-EZ	Form 1041-CD	21534	2
Form 940-EZ	11385	6	Form 940-EZ	Form 1041-DE	21534	2
Form 940-EZ	11385	6	Form 940-EZ	Form 1041-EF	21534	2
Form 940-EZ	11385	6	Form 940-EZ	Form 1041-FG	21534	2
Form 940-EZ	11385	6	Form 940-EZ	Form 1041-GH	21534	2
Form 940-EZ	11385	6	Form 940-EZ	Form 1041-HI	21534	2
Form 940-EZ	11385	6	Form 940-EZ	Form 1041-IJ	21534	2
Form 940-EZ	11385	6	Form 940-EZ	Form 1041-KL	21534	2
Form 940-EZ	11385	6	Form 940-EZ	Form 1041-MN	21534	2
Form 940-EZ	11385	6	Form 940-EZ	Form 1041-OP	21534	2
Form 940-EZ	11385	6	Form 940-EZ	Form 1041-QR	21534	2
Form 940-EZ	11385	6	Form 940-EZ	Form 1041-ST	21534	2
Form 940-EZ	11385	6	Form 940-EZ	Form 1041-TV	21534	2
Form 940-EZ	11385	6	Form 940-EZ	Form 1041-WX	21534	2
Form 940-EZ	11385	6	Form 940-EZ	Form 1041-YZ	21534	2

# Partial List of Publications

The following publications are available through the IRS website, 24 hours a day, 7 days a week, to order publications by going to [www.irs.gov/pub](http://www.irs.gov/pub) or by calling 1-800-829-3376. For more information on ordering publications, visit [www.irs.gov/pub](http://www.irs.gov/pub) on page 75. You should receive your order within 10 days after we receive your request. For a complete list of available publications, see Pub. 910.

Name of Form or Instructions	No. of Pages	Title	Pub. No.	Title	Pub. No.
Form 1116	1444	Foreign Tax Credit	584	Cash, Disability, and Theft Loss Workbook (Personal Use of Property)	584
Form 1116-1	1441	Multiple Foreign Tax Credits	587	Business Use of Your Home (Including Use by Multiple Owners)	587
Form 1310	1156	Statement of Person Claiming Refund Due a Deceased Taxpayer	590	Individual Retirement Arrangements (IRAs) (Including Rollovers)	590
Form 2106	1700	Employee Business Expenses	593	Tax Highlights for U.S. Citizens and Residents Going Abroad	593
Form 2106-EZ	5488	Unreimbursed Employee Business Expenses	594	The IRS Collection Process	594
Form 2120	1172	Multiple Support Declaration	595	Tax Highlights for Commercial Fishermen	595
Form 2210	1344	Employer's Estimated Tax by Individual, Estate, or Trust	596	Earned Income Credit (EIC)	596
Form 2280	1120	Heavy Highway Vehicle Use Tax	721	Tax Guide to U.S. Civil Service Retirement Benefits	721
Form 2341	2731	Child and Dependent Care Expenses	901	U.S. Tax Treaties	901
Form 2441	1362	Education by a Small Business Corporation	907	Tax Highlights for Persons With Disabilities	907
Form 2552	1040	Foreign Earned Income	908	Bankruptcy Tax Guide	908
Form 2552-EZ	1372	Foreign Earned Income Exclusion	910	Guide to Free Tax Services	910
Form 2555	1403	Application for Additional Exemption of Time To Pay U.S. Individual Income Tax	911	Direct Sellers	911
Form 2555-EZ	1168	Power of Attorney and Declaration of Representative	915	Social Security and Equivalent Railroad Retirement Benefits	915
Form 2688	1160	Moving Expenses	919	How Do I Adjust My Tax Withholding?	919
Form 2688-EZ	1240	Credit for Retail Tax Paid on Pick-Up, Van, or SUV	925	Passive Activity and At-Risk Rules	925
Form 4137	1262	Social Security and Medicare Tax on Unreported Tip Income	926	Household Employer's Tax Guide—For Wages Paid in 2004	926
Form 4137-EZ	1171	Request for Copy of Tax Return	929	Tax Rules for Children and Dependents	929
Form 4562	1246	Charitable Deductions and Amortization	936	Home Mortgage Interest Deduction	936
Form 4562-EZ	1247	Charitable Deductions and Amortization	946	How To Depreciate Property	946
Form 4684	1247	Casualty and Theft	947	Practice Before the IRS and Power of Attorney	947
Form 4797	1386	Sale of Business Property	950	Introduction to Estate and Gift Taxes	950
Form 4835	1317	Form Rental Income and Expenses	954	Tax Incentives for Distressed Communities	954
Form 4862	1341	Application for Automatic Extension of Time To Pay U.S. Individual Income Tax	967	The IRS Will Fight Your Tax	967
Form 4852	1327	Investment Interest Expense Deduction	970	Tax Benefits for Adoption	970
Form 4772	1327	Tax on Lump Sum Distributions	971	Innocent Spouse Relief (And Separation of Liability and Equitable Relief)	971
Form 4772-EZ	1329	Additional Taxes on Qualified Plans (Including IRAs) and Other Tax-Favored Accounts	972	Child Tax Credits	972
Form 5329	1330	Additional Taxes on Qualified Plans (Including IRAs) and Other Tax-Favored Accounts	1542	Per Diem Rates (For Travel Within the Continental United States)	1542
Form 5398	5902	At-Risk Limitations	1544	Reporting Cash Payments of Over \$10,000 (Received in a Trade or Business)	1544
Form 6198	5903	Alternative Minimum Tax—Individuals	1546	The Taxpayer Advocate Service of the IRS—How to Get Help With Unresolved Tax Problems	1546
Form 6251	1790	Alternative Minimum Tax—Individuals	<b>Spanish Language Publications</b>		
Form 6251-EZ	6477	Alternative Minimum Tax—Individuals	ISP	Your Rights as a Taxpayer	
Form 6252	1261	Installment Sale Income	5785P	How To Prepare Your Federal Income Tax Return	
Form 9281	1375	Gains and Losses from Section 1256 Contracts and Straddles	5945P	The IRS Collection Process	
			5965P	Earned Income Credit	
			850	English-Spanish Glossary of Words and Phrases Used in Publications Issued by the Internal Revenue Service	
			15445P	Reporting Cash Payments of Over \$10,000 (Received in a Trade or Business)	

## Refund Information

Be sure to have a copy of your 2003 tax return available because you will need to know the filing status and the exact whole-dollar amount of your refund. Then, do one of the following:

- Go to [www.irs.gov](http://www.irs.gov), click on Where's My Refund then on Go Get My Refund Status.



Refunds are sent out weekly on Fridays. If you call to check the status of your refund and are not given the status shown on page 13.

You can check on the status of your 2003 refund if it has been at least 6 weeks from the date you filed your return (3 weeks if you filed electronically). But, if you filed Form 8379 with your return, allow 14 weeks (11 weeks if you filed electronically).

date it will be issued, please wait until the next week before calling back.

Do not send in a copy of your return unless asked to do so.

- Call 1-800-829-4477 for automated refund information and follow the recorded instructions.
- Call 1-800-829-1954 during the hours shown on page 13.

## What Is TeleTax?

### Recorded Tax Information

Recorded tax information is available 24 hours a day, 7 days a week. Select the number of the topic you want to hear. Then, call 1-800-829-4477. Have paper and pencil handy to take notes.

### Topics by Internet

TeleTax topics are also available through the IRS website at [www.irs.gov](http://www.irs.gov).

## TeleTax Topics

All topics are available in Spanish.

Topic No.	Subject
101	IRS Help Available assistance, toll-free telephone, walk-in assistance, and outreach programs
102	Tax assistance for individuals with disabilities and the hearing impaired
103	Info to Federal user for small businesses/self-employed
104	Taxpayer Advocate program—Help for problem situations
105	Public library Tax information and reproducible tax form
151	Your appeal rights
152	Refunds—How long they should take
153	What to do if you haven't filed your tax return
154	2003 Rates—What to do if you received Forms and public notice—How to order
155	When, where, and how to file Highlights of tax changes

Topic No.	Subject
303	Checklist of common errors when preparing your tax return
304	Extensions of time to file your tax return
305	Recordkeeping
306	Penalty for underpayment of estimated tax
307	Backup withholding
308	Amended returns
309	Roth IRA contributions
310	Coverdell education savings account
311	Power of attorney information
312	Disbursements
313	Qualified tuition programs (QTIPs)
351	Filing Requirements, Filing Status, and Exemptions
352	Who must file?
353	Who to file with—1040, 1040A, or 1040EZ
354	What is your filing status?
355	Dependent filing
356	Estimated tax
357	Debit cards
358	Tax information for parents of kidnapped children
251	Alternative Filing Methods
252	Electronic signatures
253	Electronic filing
254	Substitute tax forms
255	How to choose a paid tax preparer
301	General Information
302	When, where, and how to file Highlights of tax changes

(Continued on page 12)

## TeleTax Topics

(Continued)

Topic No.	Subject
401	Types of income
402	Wages and salaries
403	Tips
404	Interest received
405	Dividends
406	Refunds of state and local taxes
407	Alimony received
408	Business income
409	Sole proprietorship
410	Capital gains and losses
411	Pensions and annuities
412	Pensions—The general rule and the simplified method
413	Lump-sum distributions
414	Rollovers from retirement plans
415	Rental income and expenses
416	Retiring vacation property and renting to relatives
417	Farming and fishing income
418	Earnings for clergy
419	Unemployment compensation
420	Gambling income and expenses
421	Barrering income
422	Scholarship and fellowship grants
423	Nontaxable income
424	Social security and equivalent reduced retirement benefits
425	Passive activities—Losses and credits
426	Other income
427	State income
428	Roth IRA distributions
429	Traders in securities (information for Form 1040 filers)
430	Exchange of policyholder interest or stock
431	Sale of assets held for more than 5 years
451	Adjustments to Income
452	Individual retirement arrangements (IRAs)
453	Alimony paid
454	Bad debt deduction
455	Tax shelters
456	Moving expenses
457	Student loan interest deduction
458	Tuition and fees deduction Educator expense deduction
501	Itemized Deductions
502	Should I itemize?
503	Medical and dental expenses
504	Deductible taxes
505	Home mortgage points
506	Interest expense
507	Contributions
601	Tax Credits
602	Earned income credit (EIC)
603	Child and dependent care credit
604	Credit for the elderly or the disabled
605	Advance earned income credit
606	Education credits
607	Child tax credits
608	Adoption credit
609	Excess social security and RRRA tax withheld
610	Retirement savings contributions
651	IRS Notices
652	Notices—What to do
653	Notice of underreported income—CP 2000
654	IRS notices and bills, penalties, and interest charges
655	Benefits of Assets, Depreciation, and Sale of Assets
701	Sale of your home
703	Basics of assets
704	Depreciation
705	Installment sales
751	Employer Tax Information
752	Social security and Medicare withholding rates
753	Form W-2—Where, when, and how to file
754	Form W-4—Employee's Withholding Allowance Certificate
755	Form W-5—Advance earned income credit

Topic No.	Subject
755	Employer identification number (EIN)—How to apply
756	Employment taxes for household employees
757	Form 941—Deposit requirements
758	Form 941—Employer's Quarterly Federal Tax Return
759	Form 940 and 940-EZ—Deposit requirements
760	Form 940 and Form 940-EZ—Employer's Annual Federal Unemployment Tax Returns
761	Tips—Withholding and reporting
762	Independent contractor vs employee
801	Magnetic Media Filers—1069 Series and Related Information Returns
802	Who must file magnetically
803	Applications, forms, and information
804	Waivers and extensions
805	Test files and combined Federal and state filing
806	Electronic filing of information returns
851	Tax Information for Aliens and U.S. Citizens Living Abroad
852	Resident and nonresident aliens
853	Dual-status alien
854	Foreign earned income exclusion—General
855	Foreign earned income exclusion—Who qualifies?
856	Foreign earned income exclusion—What qualifies?
857	Foreign tax credit
858	Individual taxpayer identification number—Form W-7
859	Alien tax clearance
901	Tax Information for Puerto Rico Residents (in Spanish only)
902	Who must file a U.S. income tax return in Puerto Rico
903	Debit cards and credits for Puerto Rico filers
904	Federal employment taxes in Puerto Rico
905	Tax assistance for Puerto Rico residents

Topic numbers are effective January 1, 2004.

## Calling the IRS

If you cannot answer your question by using one of the methods listed on page 7, please call us for assistance at (800)529-1040. You will not be charged for the call unless your phone company charges you for toll-free calls. Our normal hours of operation are Monday through Friday from 7:00 a.m. to 10:00 p.m. local time. Beginning January 24, 2004, through April 10, 2004, assistance will also be available on Saturday from 10:00 a.m. to 3:00 p.m. local time. Assistance provided to callers from Alaska and Hawaii will be based on the hours of operation in the Pacific time zone.



If you want to check the status of your 2003 refund, see **Refund Information** on page 11.

### Tip

- Your ZIP code.
  - If you are asking for an installment agreement to pay your tax, you will be asked for the highest amount you can pay each month and the date on which you can pay it.
- Evaluation of Services Provided.** The IRS uses several methods to evaluate the quality of its telephone service. One method is for a second IRS representative to sometimes listen in on or record telephone calls. Another is to ask some callers to complete a short survey at the end of the call.

## Before You Call

IRS representatives care about the quality of the service provided to you, our customer. You can help us provide accurate, complete answers to your questions by having the following information available.

The tax form, schedule, or notice to which your question relates.

- The facts about your particular situation. The answer to the same question often varies from one taxpayer to another because of differences in their age, income, whether they can be claimed as a dependent, etc.

The name of any IRS publication or other source of information that you used to look for the answer.

To maintain your account security, you may be asked for the following information, which you should also have available.

- Your social security number.
- The amount of refund and filing status shown on your tax return.
- The "Caller ID Number" shown at the top of any notice you received.
- Your personal identification number (PIN) if you have one.
- Your date of birth.
- The numbers in your street address.

## Before You Fill In Form 1040



For details on these and other changes for 2003 and 2004, see Pub. 553.

If you received an advance payment but did not have a qualifying child for 2003 (see the instructions for line 68, column (4) on page 21), you do not have to pay back the amount you received. Do not enter the amount of your advance payment on your return. You filed a joint return for 2002, but for 2003 you are filing a joint return for 2003. You are considered to have received one-half of the advance payment.

**Dividends—New Tax Rate.** The maximum tax rate for qualified dividends is 15% (generally, 5% for people whose other income is taxed at the 10% or 15% rates). The Schedule D and the Dividend Worksheet and Capital Gain Tax Worksheet, whichever applies, to figure your tax. See the instructions for line 41 that began on page 36.

**Capital Gains—Maximum Tax Rate Reduced.** The maximum tax rate for most net capital gains taken into account in 2003 is 20%. This rate also applies to 15% (generally, 5% for people whose other income is taxed at the 10% or 15% rates). Use Schedule D or the Qualified Dividends and Capital Gain Tax Worksheet, whichever applies, to figure your tax. See the instructions for line 41 that began on page 36.

**Alternative Minimum Tax Exemption Amount Increased.** The alternative minimum tax exemption amount has increased to \$40,250 (\$58,000 if married, filing jointly or qualifying widow(er), \$29,000 if married, filing separately). These new amounts are reflected in the worksheet for line 42 on page 38.

**Archer MSA Deduction.** Archer MSA deductions have increased. See line 33. See the instructions for line 33 that began on page 33.

**Child and Dependent Care Credit Increased.** You may be able to take a credit of up to \$1,050 for the expense you paid for the care of one qualifying person, \$2,100 if you paid for the care of two or more qualifying persons. See Form 2441 for details.

**Earned Income Credit.** You may be able to take this credit if:

- A child lived with you and you earned less than \$33,692 (\$34,692 if married filing jointly) or
- A child did not live with you and you earned less than \$11,230 (\$12,230 if married filing jointly).

See the instructions for line 63 that began on page 44.

**Lifetime Learning Credit Doubled.** The maximum lifetime learning credit for 2003 is \$2,000. See the instructions for line 47 on page 39.

### Tip

See **How To Avoid Common Mistakes** on page 60.

If you were serving in, or in support of, the Armed Forces in a designated combat zone or qualified hazardous duty area (for example, you were in the Afghanistan, Bosnia, Kosovo, or Persian Gulf area), see Pub. 3.

**Self-Employed Health Insurance Deduction.** You may be able to deduct up to 100% of your health insurance expenses. See the instructions for line 29 on page 33.

**IRA Deduction Allowed to More People Covered by Retirement Plans.** You may be able to take an IRA deduction if you were covered by a retirement plan and your 2003 modified AGI is less than \$50,000 (\$60,000 if married filing jointly or qualifying widow(er)). See the instructions for line 24 that began on page 29.

**Standard Mileage Rates.** The 2003 rate for business use of your vehicle is 36 cents a mile. The 2003 rate for use of your vehicle to get medical care or to move is 12 cents a mile.

**Third Party Designee.** A third party designee can ask the IRS for copies of notices or transcripts related to your return. Also, the authorization can be revoked. See page 58.

**Mailing Your Return.** You may be mailing your return to a different address this year because the IRS has changed the filing location for several areas. If you received an envelope with your tax package, please use it. Otherwise, see **Where Do You File?** on the back cover.

## What To Look for in 2004

**Tuition and Fees Deduction Expanded.** You may be able to take a deduction of up to \$4,000 if your 2003 AGI is not more than \$65,000 (\$130,000 if married filing jointly) or a deduction of up to \$2,000 if your 2003 AGI is not more than \$80,000 (\$160,000 if married filing jointly).

**Certain Credits No Longer Allowed Against Alternative Minimum Tax (AMT).**

The credit for child and dependent care expenses, credit for the elderly or the disabled, education credits, mortgage interest credit, and District of Columbia first time homebuyer credit will no longer be allowed against AMT. However, the child tax credit, adoption credit, and credit for qualified retirement savings contributions will still be allowed against your AMT.

**IRA Deduction Allowed to More People Covered by Retirement Plans.** You may be able to take an IRA deduction if you were covered by a retirement plan and your 2004 modified AGI is less than \$55,000 (\$75,000 if married filing jointly or qualifying widow(er)).

**Standard Mileage Rates.** The 2004 rate for business use of your vehicle is 37 1/2 cents a mile. The 2004 rate for use of your vehicle to get medical care or to move is 14 cents a mile.

## What's New for 2003?

**Tax Rates Reduced.** The tax rates of 27%, 30%, 35%, 38.6%, and 39.6% have been reduced to 25%, 28%, 33%, and 35%. The 10% tax rate applies to the first \$7,000 of taxable income (the first \$10,000 of tax \$14,000 of taxable income if married filing jointly or qualifying widow(er)). These changes are reflected in the Tax Table that begins on page 62, and the Tax Rate Schedules on page 74.

**Married People—Increased Tax Benefits.** The standard deduction for most joint filers has increased to \$9,500 (twice that of single filers). For most people filing a separate return, the standard deduction has increased to \$4,750 (the same amount as single filers). See the instructions for line 37 that begin on page 34.

Also, the 15% tax bracket for joint filers has been expanded to cover to be in the same range as that of single filers. For people filing a separate return, the 15% tax bracket is the same as that of single filers. These changes are reflected in the Tax Table that begins on page 62, and the Tax Rate Schedules on page 74.

**Qualifying Widow(er)—Increased.** Tax benefits for most people who are widowed have been increased to \$9,500 (twice that of single filers). See the instructions for line 37 that begin on page 34. Also, the 15% tax bracket has been expanded to cover twice the income range as that of single filers. This change is reflected in the Tax Table that begins on page 62, and the Tax Rate Schedules on page 74.

**Child Tax Credits Increased.** You may be able to take credits of up to \$1,000 for each qualifying child. But you must reduce your credits by any advance child tax credit payment you received in 2003 (see below). For more details, see the instructions for line 49 that begin on page 49.

**Advance Child Tax Credit Payment.** You may receive your 2003 child credit by any advance child tax credit payment you received in 2003. Enter the amount of any advance payment you received (before offset) on line 2 of your Child Tax Credit Worksheet. The amount of your advance payment (before offset) is shown on Notice 3319. This notice was mailed to you in 2003. If you do not have this notice, you can check the amount of your advance payment (before offset) on the IRS website at [www.irs.gov](http://www.irs.gov) or call us at 1-800-829-1040. For details on offsets, see **Refund Offset** on page 36.

## Before You Hang Up

If you do not fully understand the answer you receive, or you feel our representative may not fully understand your question, please ask us to talk to him or her. We will be happy to take additional time to be sure your question is answered fully.

By law, you are responsible for paying your share of Federal income tax. If we should make an error in answering your question, you are still responsible for the payment of the correct tax. Should this occur, however, you will not be charged any penalty.

## Making the Call

Call 1-800-529-1040 (or TTY/TDD help, call 1-800-529-4059). Our nearest toll-free call centers with pulse or rotary dial telephones to speak with the representative who requested to do so. First, you will be provided a series of options that will request each type of response. If a touch-tone response is not received, you will then hear a series of options and be asked to speak your selections. After your touch-tone or spoken response is received, the system will direct your call to the appropriate assistance. You can do the following within the system.

- Order tax forms and publications.

### Chart B—For Children and Other Dependents (See the instructions for line 6c on page 21 to find out if someone can claim you as a dependent.)

If your parent (or someone else) can claim you as a dependent, use this chart to see if you must file a return. In this chart, unearned income includes taxable interest, ordinary dividends, and capital gain distributions. Earned income includes wages, tips, and taxable scholarship and fellowship grants. Gross income is the total of your unearned and earned income.

**Warning** If your gross income was \$3,050 or more, you usually cannot be claimed as a dependent unless you were under age 19 or a student and under age 24. For details, see Pub. 501.

#### Single dependents. Were you either age 65 or older or blind?

- No. You must file a return if any of the following apply.
- Your unearned income was over \$750.
  - Your earned income was more than the larger of—
    - \$750 or
    - Your gross income (up to \$4,500) plus \$250.
- Yes. You must file a return if any of the following apply.
- Your unearned income was over \$1,900 (\$3,050 if 65 or older and blind).
  - Your earned income was over \$3,900 (\$7,050 if 65 or older and blind).
  - Your gross income was more than—
 

The larger of:	Plus	This amount:
<ul style="list-style-type: none"> <li>• \$750 or</li> <li>• Your earned income (up to \$4,500) plus \$250</li> </ul>	}	\$1,150 (\$2,300 if 65 or older and blind)

#### Married dependents. Were you either age 65 or older or blind?

- No. You must file a return if any of the following apply.
- Your unearned income was over \$750.
  - Your gross income was at least \$3 and your spouse files a separate return and itemizes deductions.
  - Your gross income was more than the larger of—
    - \$750 or
    - Your earned income (up to \$4,500) plus \$250.
- Yes. You must file a return if any of the following apply.
- Your unearned income was over \$1,700 (\$2,650 if 65 or older and blind).
  - Your gross income was at least \$5 and your spouse files a separate return and itemizes deductions.
  - Your gross income was more than—
 

The larger of:	Plus	This amount:
<ul style="list-style-type: none"> <li>• \$750 or</li> <li>• Your earned income (up to \$4,500) plus \$250</li> </ul>	}	\$950 (\$1,900 if 65 or older and blind)

### Chart C—Other Situations When You Must File

You must file a return if any of the four conditions below apply for 2003.

1. You owe any special taxes, such as:
  - Social security and Medicare tax on tips you did not report to your employer.
  - Uncollected social security and Medicare or RRCA tax on tips you reported to your employer or on group-term life insurance.
  - Alternative minimum tax.
  - Recapture taxes (see the instructions for lines 41 and 60 on pages 36 and 43), or
  - Tax on a qualified plan, including an individual retirement arrangement (IRA), or other tax-favored account. But if you are filing a return only because you owe this tax, you can file Form 5329 by itself.
2. You received any advance earned income credit (EIC) payments from your employer. These payments are shown in box 9 of your Form W-2.
3. You had net earnings from self-employment of at least \$400.
4. You had wages of \$108.28 or more from a church or qualified church-controlled organization that is exempt from employer social security and Medicare taxes.

These rules apply to all U.S. citizens, regardless of where they live, and resident aliens.



An automatic 4-month extension to file does not extend the time to pay your tax. See Form 4868.

If you are a U.S. citizen or resident, you may qualify for an automatic extension of time to file without filing Form 4868 or Form 1040NR-EZ. See Pub. 519 for details, including the rules for student and holders who are aliens.

You live outside the United States and Puerto Rico and your main place of business or post of duty is outside the United States and Puerto Rico.

You are in military or naval service on duty outside the United States and Puerto Rico.

This extension gives you an extra 2 months to file and pay the tax, but interest will be charged from the original due date of the return on any unpaid tax. You must attach a statement to your return showing that you meet the requirements.

### Where Do You File?

See the back cover of this booklet for filing requirements and addresses. For details on using a private delivery service to mail your return on payment, see page 18.

IF your filing status is ...	AND at the end of 2003 you were ...	THEN file a return if your gross income** was at least ...
Single	under 65 65 or older	\$7,800 8,950
Married filing jointly***	under 65 (both spouses) 65 or older (one spouse) 65 or older (both spouses)	\$15,600 16,550 17,500
Married filing separately (see page 20)	any age	\$3,050
Head of household (see page 20)	under 65 65 or older	\$10,050 11,200
Qualifying widow(er) with dependent child (see page 20)	under 65 65 or older	\$12,550 13,500

\*\* If you were born on January 1, 1958, you are considered to be age 65 at the end of 2003.

\*\*\* Gross income means all income you received in the form of money, goods, property, and services that is not exempt from tax, including any income from sources outside the United States (even if you may exclude part or all of it). Do not include social security benefits unless you are married filing a separate return and you lived with your spouse at any time in 2003.

\*\*\*\* If you did not live with your spouse at the end of 2003 (or on the date your spouse died) and your gross income was at least \$3,050, you must file a return regardless of your age.

## Filing Requirements

### Do You Have To File?

Use Chart A, B, or C to see if you must file a return. U.S. citizens who lived in or had income from a U.S. possession should see Pub. 576. Residents of Puerto Rico can use Tele-Tax topic 901 (see page 11) to see if they must file.



Even if you do not otherwise have to file a return, you should file a federal income tax, withheld federal income tax, or credit for the earned income credit, the additional child tax credit, or the health coverage tax credit.



Have you used IRS e-file? It's the fastest way to get your refund and it's FREE if you are eligible. Visit [www.irs.gov](http://www.irs.gov) for details.

**Exception for Children Under Age 14.** If filing requirements for a child under age 14 are based on 2003 and certain other conditions apply, you can elect to include your child's income on your return. But you must use Form 8814 to do so. If you make this election, your child does not have to file a return. For details, see Tele-Tax topic 553 (see page 11) or see Form 8814.

A child born on January 1, 1990, is considered to be age 14 at the end of 2003. Do not use Form 8814 for such a child.

### Chart A—For Most People



**Where To Report Certain Items From 2003 Forms W-2, 1098, and 1099**



IRS e-file takes the guesswork out of preparing your return. Visit [www.irs.gov/efile](http://www.irs.gov/efile) for details.

If any Federal income tax withheld is shown on these forms, include the tax withheld on Form 1040, line 61. If you itemize your deductions and any state or local income tax withheld is shown on these forms, include the tax withheld on Schedule A, line 5.

Form	Item and Box in Which It Should Appear	Where To Report if Filing Form 1040
W-2	Wages, salaries, tips, etc. (box 1) Allocated tips (box 8) Advance EIC payment (box 9) Dependent care benefits (box 10) Form 2441, line 12 Form 8839, line 22 Employer contributions to an Archer MSA (box 12, code B)	Form 1040, line 7 See Tip Income on page 22 Form 1040, line 58 Form 2441, line 12 Form 8839, line 22 Form 8853, line 30
W-2G	Gambling winnings (box 1)	Form 1040, line 21 (Schedule C or C-EZ for professional gamblers)
1098	Mortgage interest (box 1) Points (box 2) Refund of overpaid interest (box 3)	Schedule A, line 10* Form 1040, line 21, but first see the instructions on Form 1098*
1098-E	Student loan interest (box 1)	See the instructions for Form 1040, line 25, that begin on page 31*
1098-T	Qualified tuition and related expenses (box 1)	See the instructions for Form 1040, line 26, on page 32, or line 47, on page 39
1099-A	Acquisition or abandonment of secured property	See Pub. 544
1099-B	Stocks, bonds, etc. (box 2) Bartering (box 3) Aggregate profit or (loss) (box 9a) Post-5/5/2003 aggregate profit or (loss) (box 9b)	Schedule D See Pub. 525 Form 6781, line 1, column (b) Form 6781, line 1, column (c)
1099-C	Canceled debt (box 2)	Form 1040, line 21, but first see the instructions on Form 1099-C*
1099-DIV	Total ordinary dividends (box 1a) Qualified dividends (box 1b) Total capital gain distributions (box 2a) Post-May 5 capital gain distributions (box 2b) Qualified 5-year gain (box 2c) Unrecaptured section 1250 gain (box 2d) Section 1202 gain (box 2e) Collectibles (28%) gain (box 2f) Nontaxable distributions (box 3) Investment expenses (box 5) Foreign tax paid (box 6)	Form 1040, line 9a See the instructions for Form 1040, line 9b, on page 23 Form 1040, line 13a, or, if required, Schedule D, line 13, column (f) Form 1040, line 13b, or, if required, Schedule D, line 13, column (g) See the worksheet for Schedule D, line 35, on page D-10 See the worksheet for Schedule D, line 19, on page D-7 See the instructions for Schedule D See the worksheet for Schedule D, line 20, on page D-8 See the instructions for Form 1040, line 9a, on page 23 Schedule A, line 22 Form 1040, line 44, or Schedule A, line 8
1099-G	Unemployment compensation (box 1) State or local income tax refunds, credits, or offsets (box 2) Taxable grants (box 6) Agriculture payments (box 7)	Form 1040, line 19. But if you report any unemployment compensation in 2003, see the instructions for line 19 on page 27. See the instructions for Form 1040, line 10, that begin on page 23* Form 1040, line 21*
1099-H	HCTC advance payments (box 1)	Form 8885, lines 2 and 6

\* If the item relates to an activity for which you are required to file Schedule C, C-EZ, E, or F or Form 4835, report the taxable or deductible amount allocable to the activity on that schedule or form instead.

**Where To Report if Filing Form 1040**

Form	Item and Box in Which It Should Appear	Where To Report if Filing Form 1040
1099-INT	Interest income (box 1) Early withdrawal penalty (box 2) Interest on U.S. savings bonds and Treasury obligations (box 3) Investment expenses (box 5) Foreign tax paid (box 6)	Form 1040, line 8a Form 1040, line 31 See the instructions for Form 1040, line 8a, that begin on page 22 Schedule A, line 22 Form 1040, line 44, or Schedule A, line 8
1099-LTC	Long-term care and accelerated death benefits	See Pub. 502 and the instructions for Form 8853
1099-MISC	Rents (box 1) Royalties (box 2) Other income (box 3) Nonemployee compensation (box 7) Other (boxes 5, 6, 8, 9, 10, 13, and 14)	See the instructions for Schedule E Schedule E, line 4 (timber, coal, iron ore royalties, see Pub. 544) Form 1040, line 21* Schedule C, C-EZ, or F. But if you were not self-employed, see the instructions on Form 1099-MISC. See the instructions on Form 1099-MISC
1099-MSA	Distributions from MSAs**	Form 8853
1099-OID	Original issue discount (box 1) Other periodic interest (box 2) Early withdrawal penalty (box 3)	See the instructions on Form 1099-OID Form 1040, line 31
1099-PATR	Patronage dividends and other distributions from a cooperative (boxes 1, 2, 3, and 5) Credits (boxes 6, 7, and 8) Patron's ABT adjustment (box 9)	Schedule C, C-EZ, or F or Form 4835, but first see the instructions on Form 1099-PATR Form 3408, 5894, 8944, 8945, 8946, or 8984 Form 6251, line 26
1099-Q	Qualified education program payments	See the instructions for Form 1040, line 21, that begin on page 27
1099-R	Distributions from IRAs*** Distributions from pensions, annuities, etc. Capital gain (box 3)	See the instructions for Form 1040, lines 15a and 15b, on page 25 See the instructions for Form 1040, lines 16a and 16b, that begin on page 25 See the instructions on Form 1099-R
1099-S	Gross proceeds from real estate transactions (box 2) Buyer's part of real estate tax (box 5)	Form 4797, Form 6252, or Schedule D. But if the property was your home, see the instructions for Schedule D to find out if you must report the sale or exchange. See the instructions for Schedule A, line 6, that begin on page A-3*

\* If the item relates to an activity for which you are required to file Schedule C, C-EZ, E, or F or Form 4835, report the taxable or deductible amount allocable to the activity on that schedule or form instead.  
\*\* This includes distributions from Archer and Medicare-Choice MSAs.  
\*\*\* This includes distributions from Roth, SEP, and SIMPLE IRAs.

**Private Delivery Services**

You can use certain private delivery services designated by the IRS to meet the "timely mailing as timely filing/paying" rule for tax returns and payments. The most recent list of designated private delivery services was published by the IRS in September 2002. The list includes only the following:

- Airborne Express (Arborex): Over-Flight Air Express Service, Next Afternoon Service, and Second Day Service.
- DHL: "Same Day" Service and DHL USA Overnight.
- Federal Express (FedEx): FedEx Priority Overnight, FedEx Standard Overnight, FedEx 2Day, FedEx International Priority, and FedEx International First.
- United Parcel Service (UPS): Next Day Air, UPS Next Day Air Saver, UPS 2nd Day Air, UPS 2nd Day Air A.M., UPS Worldwide Express Plus, and UPS Worldwide Express.

**Private Delivery Services (DHL):**

The private delivery service can tell you how to get written proof of the mailing date.



Private delivery services cannot deliver items to P.O. boxes. You must use the U.S. Postal Service to mail any item to an IRS P.O. box address.

Form 1040—Lines 2 Through 5

**Line 2****Married Filing Jointly**

You may check the box on line 2 if any of the following is true:

- You were married as of December 31, 2003, even if you did not live with your spouse at the end of 2003.
- Your spouse died in 2003 and you did not remarry in 2003.
- Your spouse died in 2004 before filing a 2003 return.

A husband and wife may file a joint return even if only one had income or if they did not live together all year. However, both persons must sign the return. If you file a joint return for 2003, you may not, after the due date for filing that return, amend it to file as married filing separately. **Joint and Several Tax Liability.** If you file a joint return, both you and your spouse are generally responsible for the tax and any interest or penalties due on the return. This means that if one spouse does not pay the tax due, the other may have to. However, see **Unremitted Spouse Relief** on page 60.

**Nonresident Alien and Dual-Status Returns.** You may be able to file a joint return. See Pub. 519 for details.

**Line 3****Married Filing Separately**

If you are married and file a separate return, you will usually pay more tax than if you use another filing status that you qualify for. Also, if you file a separate return, you cannot take the student loan interest deduction, the tuition and fees deduction, the education credit, or the earned income credit. You also cannot take the standard deduction if your spouse itemizes deductions.

Generally, you report only your own income, exceptions, deductions, and credits. Different rules apply to people in community property states. See page 22.



You may be able to file as head of household if you had a child living with you and you lived apart from your spouse during the last 6 months of 2003. See **Married Persons Who Live Apart** on this page.

**Line 4****Head of Household**

This filing status is for unmarried individuals who provide a home for certain other persons. (Some married persons who live apart may also qualify. See this page.) You may check the box on line 4 only if as of December 31, 2003, you were unmarried or

Need more information or forms? See page 7.

Form 1040—Line 1



You may be eligible to use FREE online commercial tax preparation software to file your federal income tax return. Free services are available through [www.irs.gov](http://www.irs.gov) or you can buy a software package. You will be asked questions and your return will be prepared based on your answers.

**Foreign Address**

Enter the information in the following order: City, province or state, and country. Follow the country's practice for entering the postal code. Do not abbreviate the country name.

**Death of a Taxpayer**

See page 61.

**Social Security Number (SSN)**

An incorrect or missing SSN may increase your tax or reduce your refund. To apply for an SSN, get Form SS-5 from your local Social Security Administration (SSA) office or call the SSA at 1-800-772-1213. Fill in Form SS-5 and return it to the SSA. It usually takes about 2 weeks to get an SSN.

Check that your SSN on your Forms W-2 and 1099 agrees with your social security card. If not, see page 60 for more details.

**IRS Individual Taxpayer Identification Numbers (ITINs) for Aliens**

If you are a nonresident or resident alien and you do not have and are not eligible to get an SSN, you must apply for an ITIN. For details on how to do so, see Form W-7 and its instructions. It usually takes about 4-6 weeks to get an ITIN.

If you already have an ITIN, enter it wherever your SSN is requested on your tax return.

Note: An ITIN is for tax use only. It does not entitle you to social security benefits or change your employment or immigration status under U.S. law.

**Nonresident Alien Spouse**

If your spouse is a nonresident alien and you file a joint or separate return, your spouse must have either an SSN or an ITIN.

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Need more information or forms? See page 7.

legally separated (according to your state law) under a decree of divorce or separate maintenance and either 1 or 2 next applies to you

1. You paid over half the cost of keeping up a home that was the main home for all of 2003 of your parent whom you can claim as a dependent. Your parent did not have to live with you in your home.

2. You paid over half the cost of keeping up a home in which you lived and in which one of the following also lived for more than half of the year (if half or less, see the Exception on this page):

- Your unmarried child, adopted child, grandchild, great-grandchild, etc., or stepchild. It does not matter what age the child was. This child does not have to be your dependent. If the child is not your dependent, enter the child's name in the space provided on line 4. If you do not enter the name, it will take us longer to process your return.
- Your married child, adopted child, grandchild, great-grandchild, etc., or stepchild. This child must be your dependent. But if your married child's other parent claims him or her as a dependent under the rules for Children Who Did Not Live With You Due to Divorce or Separation on page 21, this child does not have to be your dependent. Enter the child's name on line 4. If you do not enter the name, it will take us longer to process your return.

• Any other relative you can claim as a dependent. For the definition of a relative, see Pub. 501.

**Line 5****Qualifying Widow(er) With Dependent Child**

You may check the box on line 5 and use joint return tax rates for 2003 if all five of the following apply:

1. Your spouse died in 2001 or 2002 and you did not remarry in 2003.
2. You have a child, adopted child, stepchild, or foster child whom you claim as a dependent.
3. This child lived in your home for all of 2003. Temporary absences, such as for school, vacations, or medical care, count as time lived in the home.
4. You paid over half the cost of keeping up your home.
5. You could have filed a joint return with your spouse the year he or she died, even if you did not actually do so.

If your spouse died in 2003, you may not file as qualifying widow(er) with dependent child. Instead, see the instructions for line 2 on this page.

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Need more information or forms? See page 7.

**Line Instructions for Form 1040****Name and Address****Use the Peel-Off Label**

Using your peel-off name and address label on the back of this booklet will speed the processing of your return. It also prevents common errors that can delay refunds or result in unnecessary notices. Put the label on your return after you have finished it. Cross out any incorrect information and print the correct information. Add any missing items, such as your apartment number.

**Address Change**

If the address on your peel-off label is not your current address, cross out your old address and print your new address. If you plan to move after filing your return, see page 60.

**Name Change**

If you changed your name because of marriage, divorce, or remarriage, be sure to report the change to your local Social Security Administration office before filing your return. This prevents delays in the processing of your return and your refund. If you changed your name since filing your last return, see page 60 for more details. Cross out your received peel-off label, cross out your former name and print your new name.

**What If You Do Not Have a Label?**

Print or type the information in the spaces provided. If you are married filing a separate return, enter your husband's or wife's name on line 3 instead of below your name.



If you filed a joint return for 2002 and you are filing a joint return for 2003 with the same spouse, be sure to enter your names and SSNs in the same order as on your 2002 return.

**P. O. Box**

Enter your box number only if your post office does not deliver mail to your home.

Form 1040—Lines 7 and 8a

Income

Foreign-Source Income

You must report unearned income, such as interest, dividends, and pensions, from sources outside the United States unless exempt by law or a tax treaty. You must also report earned income, such as wages and tips, from sources outside the United States.

If you worked abroad, you may be able to exclude part or all of your earned income. For details, see Pub. 54 and Form 2555 or 2555-EZ.

Foreign Retirement Plans. If you were a beneficiary of a foreign retirement plan, you may have to report the undistributed income earned in your plan. However, if you were the beneficiary of an eligible Canadian retirement plan, you may elect to defer tax on the undistributed income. For details on how to make the election, see Rev. Proc. 2002-23, 2002-1 C.B. 744. Report distributions from foreign pension plans on lines 16a and 16b.

Community Property States

Community property states are Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, and Wisconsin. If you and your spouse lived in a community property state, you must usually follow state law to determine what is community income, and what is separate income. For details, see Pub. 555.

Rounding Off to Whole Dollars

You may round off cents to whole dollars on your return and schedules. If you do round to whole dollars, you must round all amounts. To round, drop amounts under 50 cents and increase amounts from 50 to 99 cents to the next dollar. For example, \$1.39 becomes \$1 and \$2.50 becomes \$3.

If you have to add two or more amounts to figure the amount to enter on a line, include cents when adding the amounts and round off only the total.

Line 7

Wages, Salaries, Tips, etc.

Enter the total of your wages, salaries, tips, etc. If a joint return, also include your spouse's income. For most people, the amount to enter on this line should be shown in box 1 of their Form(s) W-2. But

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the following types of income must also be included in the total on line 7.

- Wages received as a household employee for which you did not receive a Form W-2 because your employer paid you less than \$1,400 in 2003. Also, enter "HSHF" and the amount not reported on a Form W-2 on the dotted line next to line 7.
- Tip income you did not report to your employer. Also include allocated tips shown on your Form(s) W-2 unless you can prove that you received less. Allocated tips should be shown in box 8 of your Form(s) W-2. They are not included as income in box 1. See Pub. 551 for more details.



You may owe social security and Medicare tax on unreported or allocated tips. See the instructions for line 56 on page 42.

- Dependent care benefits, which should be shown in box 10 of your Form(s) W-2, but first complete Form 2441 to see if you may exclude part or all of the benefits.
- Employer-provided adoption benefits, which should be shown in box 12 of your Form(s) W-2 with code T. You may also be able to exclude amounts if you adopted a child with special needs and the adoption became final in 2003. See the instructions for Form 8839 to find out if you may exclude part or all of the benefits.
- Scholarship and fellowship grants not reported on a Form W-2. Also enter "SCHF" and the amount on the dotted line next to line 7. Exception: If you were a degree candidate, include on line 7 only the amounts you used for expenses other than tuition and course-related expenses. For example, amounts used for room, board, and travel must be reported on line 7.

Excess salary deferrals. The amount deferred should be shown in box 12 of your Form W-2 and the "Retirement plan" box in box 13 should be checked. If the total amount you report for your spouse (if filing jointly) deferred for 2003 under all plans was more than \$12,000 (excluding catch-up contributions as explained below), include the excess on line 7. This limit is increased to \$15,000 for section 403(b) plans if you qualify for the 15-year rule in Pub. 571.

A higher limit may apply to participants in section 457(b) deferred compensation plans for the 3 years before retirement age. Contact your plan administrator for more information.

Catch-up contributions. If you were age 50 or older at the end of 2003, your employer may have to allow an additional deferral of up to \$2,000 (\$1,000 for

bankruptcy or insolvency of the financial institution).

Enter the total of your wages, salaries, tips, etc. If a joint return, also include your spouse's income. For most people, the amount to enter on this line should be shown in box 1 of their Form(s) W-2. But

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Form 1040—Lines 6b and 6c

Line 6c, Column (2)

You must enter each dependent's social security number (SSN). Be sure the name and SSN entered agree with the dependent's social security card. Otherwise, at the time we process your return, we may disallow the exemption claimed for the dependent and reduce or disallow any other tax benefit (such as the child tax credit) based on that dependent. If the name or SSN on the dependent's social security card is not correct, call the Social Security Administration at 1-800-772-1213.



For details on how your dependent can get an SSN, see page 19. If your dependent will not have a number by April 15, 2004, see What if You Cannot File on Time? on page 15.

If your dependent child was born and died in 2003 and you do not have an SSN for the child, you may attach a copy of the child's birth certificate instead and enter "Died" in column (2).

Adoption Taxpayer Identification Numbers (ATINs). If you have a dependent who was placed with you by an authorized placement agency and you do not know his or her SSN, you must get an ATIN for the dependent from the IRS. An authorized placement agency includes any person authorized by state law to place children for legal adoption. See Form W-7A for details.

Line 6c, Column (4)

Check the box in this column if your dependent is a qualifying child for the child tax credit (defined below). If you have a qualifying child, you may be able to take the child tax credit on line 49 and the additional child tax credit on line 65.

Qualifying Child for Child Tax Credit. A qualifying child for purposes of the child tax credit is a child who:

- Was under age 17 at the end of 2003, and
- Is your (a) son, daughter, adopted child, stepchild, or a descendant of any of brother, sister, stepbrother, stepfather, or a descendant of any of them (for example, your niece or nephew), whom you cared for as you would your own child; or (c) foster child (any child placed with you by an authorized placement agency whom you cared for as you would your own child), and
- Is a U.S. citizen or resident alien.

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Exemptions

You usually can deduct \$3,050 on line 39 for each exemption you can take.

Line 6b

Spouse

Check the box on line 6b if you file either (a) a joint return or (b) a separate return and your spouse had no income and is not filing a return. However, do not check the box if your spouse can be claimed as a dependent on another person's return.

Line 6c

Dependents

You can take an exemption for each of your dependents. The following is a brief description of the five tests that must be met for a person to qualify as your dependent. If you have more than five dependents, attach a statement to your return with the required information.

Relationship Test. The person must be either your relative or have lived in your home all year as a member of your household. If the person is not your relative, the relationship must not violate local law.

Joint Return Test. If the person is married, he or she cannot file a joint return. But the person can file a joint return if the return is filed only as a claim for refund and no tax liability would exist for either spouse if they had filed separate returns.

Citizen or Resident Test. The person must be a U.S. citizen or resident alien, or a resident of Canada or Mexico. There is an exception for certain adopted children. To find out who is a resident alien, see TeleTax topic 851 (see page 11) or see Pub. 519.

Income Test. The person's gross income must be less than \$3,050. But your child's gross income can be \$3,050 or more if he or she was either (a) under age 19 at the end of 2003 or (b) under age 24 at the end of 2003 and was a student.

Support Test. You must have provided over half of the person's total support in 2003. But there are two exceptions to this test: One for children of divorced or separated parents and one for persons supported by two or more taxpayers.



For more details about the tests, including any exceptions that apply, see Pub. 501.

SIMPLE plans). This additional deferral amount is not subject to the overall limit on elective deferrals.



You may not deduct the amount deferred. It is not included as income in box 1 of your Form W-2.

- Disability pensions shown on Form 1099-R if you have not reached the mini retirement age set by your employer. Disability pensions received after you reach that age and other payments shown on Form 1099-R (other than payments from an IRA) are reported on lines 16a and 16b.
- Payments from an IRA are reported on lines 15a and 15b.
- Corrective distributions shown on Form 1099-R of (a) excess contributions plus earnings and (b) excess contributions plus earnings to a retirement plan. But do not include distributions from an IRA on line 7. Instead, report distributions from an IRA on lines 15a and 15b.

\*This includes 1 Roth, SEP, or SIMPLE IRA.

Were You a Statutory Employee?

If you were the "Statutory employee" box in box 13 of your Form W-2 should be checked. Statutory employees include full-time life insurance salespeople, certain agent or commission drivers and traveling salespeople, and certain homeworkers. If you have related business expenses to deduct, report the amount shown in box 1 of your Form W-2 on Schedule C or C-EZ along with your expenses.

Missing or Incorrect Form W-2?

Your employer is required to provide or send Form W-2 to you no later than February 2, 2004. If you do not receive it by early February, use TeleTax topic 154 (see page 11) to find out what to do. Even if you do not get a Form W-2, you must still report your earnings on line 7. If you lose your Form W-2 or it is incorrect, ask your employer for a new one.

Line 8a

Taxable Interest

Each payer should send you a Form 1099-INT or Form 1099-OID. Enter your total taxable interest income on line 8a. But you must fill in and attach Schedule B if the total is over \$1,500 or any of the other conditions listed at the beginning of the Schedule B instructions (see page B 1) apply to you.

Interest credited in 2003 on deposits that you could not withdraw because of the bankruptcy or insolvency of the financial

Form 1040—Lines 10 Through 13

cause the total credits exceeded the amount shown on your 2002 Form 1040, line 44

Line 11 Alimony Received

Enter amounts received as alimony or separation maintenance. You must let the person who made the payments know your social security number. If you do not, you may have to pay a \$50 penalty. For more details, see Publication 504.

Line 12 Business Income or (Loss)

If you operated a business or practiced your profession as a sole proprietor, report your income and expenses on Schedule C or C-EZ.

Line 13a Capital Gain or (Loss)

If you had a capital gain or loss, including any capital gain distributions, you must complete and attach Schedule D.

Exception: You do not have to file Schedule D if all of the following apply.

- The only amounts you have to report on Schedule D are capital gain distributions from box 2a of Form(s) 1099-DIV or substitute statements from box 2b.
None of the Forms 1099-DIV or substitute statements have an amount in box 2.
Qualified 5-year gains, box 2d (unrecapitalized section 1250 gain), box 2e (section 1250 gain), box 2f (section 1250 gain).

State and Local Income Tax Refund Worksheet—Line 10

Keep for Your Records

- 1. Enter the income tax refund from Form(s) 1099-G (or similar statement). But do not enter more than the amount on your 2002 Schedule A (Form 1040), line 5.
2. Enter your total allowable itemized deductions from your 2002 Schedule A (Form 1040), line 28.

Note: If the filing status on your 2002 Form 1040 was married filing separately and your spouse itemized deductions in 2002, skip lines 3, 4, and 5, and enter the amount from line 2 on line 6.

- 3. Enter the amount shown below for the filing status claimed on your 2002 Form 1040.
Single — \$4,700
Married filing jointly or qualifying widow(er) — \$7,850
Manned filing separately — \$3,925
Head of household — \$6,900

- 4. Did you fill in line 37a on your 2002 Form 1040?
No, Enter -0-
Yes, Multiply the number in the box on line 37a of your 2002 Form 1040 by \$900 if your 2002 filing status was married filing jointly or separately or qualifying widow(er); \$1,150 if your 2002 filing status was single or head of household.

- 5. Add lines 3 and 4.
6. Is the amount on line 5 less than the amount on line 2?
No, Enter -0-
Yes, Subtract line 5 from line 2.

- 7. Taxable part of your refund. Enter the smaller of line 1 or line 6 here and on Form 1040, line 10.
8. None of your refund is taxable.

Form 1040—Lines 8, Through 10

Example 3. You bought 10,000 shares of ABC Mutual Fund common stock on July 1, 2003. ABC Mutual Fund paid a cash dividend of 10 cents a share. The ex-dividend date was July 9, 2003. The ABC Mutual Fund advises you that the portion of the dividend eligible to be treated as qualified dividends equals 2 cents per share. Your Form 1099-DIV from ABC Mutual Fund shows total ordinary dividends of \$1,000 and qualified dividends of \$200. However, you sold the 10,000 shares on August 4, 2003. You have to qualified dividends from ABC Mutual Fund because you held the ABC Mutual Fund stock for less than 61 days.

TIP

Be sure you use Schedule D or the Qualified Dividends and Capital Gain Tax Worksheet, which have tables to figure your tax. Your tax may be less. See the instructions for line 41 that began on page 36 for details.

Line 10

Taxable Refunds, Credits, or Offsets of State and Local Income Taxes

TIP

None of your refund is taxable if, in the year you paid the tax, you did not itemize deductions.

If you received a refund, credit, or offset of state or local income taxes in 2003, you may receive a Form 1099-G. If you choose to apply part or all of the refund to your 2003 estimated state or local income tax, the amount applied is treated as received in 2003. If the refund was for a tax you paid in 2002 and you itemized deductions for 2002, use the worksheet on page 24 to see if any of your refund is taxable.

Exception: See Recoveries in Pub. 525 in stead of using the worksheet on page 24 if any of the following apply.

- You received a refund in 2003 that is for a tax year other than 2002.
You received a refund other than an income tax refund, such as a real property tax refund, in 2003 of an amount deducted or credit claimed in an earlier year.
You 2002 taxable income was less than zero.
You made your last payment of 2002 estimated state or local income tax in 2003.
You owed alternative minimum tax in 2002.
You could not deduct the full amount of credits you were entitled to in 2002 because of the limitation on the amount of credits you could deduct.

dividends if you received dividends not reported on Form 1099-DIV

Exception: Some dividends may be reported as qualified dividends in box 1b of Form 1099-DIV but are not qualified dividends. These are:

- Dividends you received as a nominee. See the instructions for Schedule B.
Dividends you received on any share of stock that you held for less than 61 days during the 121-day period that began 60 days before the ex-dividend date. The ex-dividend date is the first date following the declaration of a dividend on which the purchaser of a stock is not entitled to receive the next dividend payment. When counting the number of days you held the stock, include the day you disposed of the stock but not the day you acquired it. See the examples below.
Dividends attributable to periods totaling more than 360 days that you received on any share of preferred stock held for less than 90 days during the 181-day period that began 90 days before the ex-dividend date. Preferred dividends attributable to periods totaling less than 367 days are subject to the 61-day holding period rule above.

Dividends on any share of stock to the extent that you are under an obligation (including a short sale) to make related payments with respect to positions in substantially similar or related property.

Payments in lieu of dividends, but only if you know or have reason to know that the payments are not qualified dividend stock.

Example 1. You bought 5,000 shares of XYZ Corp. common stock on July 1, 2003. XYZ Corp. paid a cash dividend of 10 cents per share. The ex-dividend date was July 9, 2003. Your Form 1099-DIV from XYZ Corp. shows \$500 in box 1b (ordinary dividends) and in box 1b (qualified dividends). However, you sold the 5,000 shares on August 4, 2003. You held your shares of XYZ Corp. for only 34 days of the 121-day period from July 2, 2003, through August 4, 2003. The 121-day period began on May 10, 2003 (60 days before the ex-dividend date), and ended on September 7, 2003. You have no qualified dividends from XYZ Corp. because you held the XYZ stock for less than 61 days.

Example 2. Assume the same facts as in Example 1 except that you bought the stock on July 8, 2003 (the day before the ex-dividend date), and you sold the stock on September 9, 2003. You held the stock for 63 days (from July 9, 2003, through September 9, 2003). The \$500 of qualified dividends shown in box 1b of your Form 1099-DIV are all qualified dividends because you held the stock for 61 days of the 121-day period from July 9, 2003, through September 7, 2003.

institution may not have to be included in your 2003 income. For details, see Pub. 550.

TIP

If you get a 2003 Form 1099-INT for U.S. savings bond interest that includes amounts you reported before 2003, see Pub. 550.

Line 8b

Tax-Exempt Interest

If you received any tax-exempt interest, such as from municipal bonds, report it on line 8b. In line 8b, report interest dividends from a mutual fund or other regulated investment company. Do not include interest earned on your IRA or Coverdell education savings account.

Line 9a

Ordinary Dividends

Each payer should send you a Form 1099-DIV. Enter your total ordinary dividends on line 9a. This amount should be shown in box 1a of your Form(s) 1099-DIV. But you must fill in and attach Schedule B if the total is over \$1,500 or you received, as a nominee, ordinary dividends that actually belong to someone else.

Non-taxable Distributions

Some distributions are nontaxable because they are a return of your cost (or other basis). They will not be taxed until you recover your cost (or other basis). You must reduce your cost (or other basis) by these distributions. After you get back all of your cost (or other basis), you must report these distributions as capital gains on Schedule D. For details, see Pub. 550.

TIP

Dividends on insurance policies are a partial return of the premium you paid. Do not report them as dividends. Include them in income only if they exceed the total of all net premiums you paid for the contract.

Line 9b

Qualified Dividends

Enter your total qualified dividends on line 9b. Qualified dividends are eligible for a lower tax rate than other ordinary income. Generally, these dividends are shown in box 1b of your Form(s) 1099-DIV. See Pub. 550 for the definition of qualified dividends.

Form 1040—Lines 16a and 16b

If your Form 1099-R shows a taxable amount, you may report that amount on line 16b. But you may be able to report a lower taxable amount by using the General Rule or the Simplified Method.

Simplified Method

You must use the Simplified Method if (a) your annuity starting date (defined on this page) was after July 1, 1986, and you used this method last year to figure the taxable part or (b) your annuity starting date was after November 18, 1996, and both of the following apply.

Your annuity starting date is the later of the first day of the first period for which you received a payment, or the date the plan's obligations became fixed.

Before you begin:

If you are the beneficiary of a deceased employee or former employee who died before August 21, 1996, see Pub. 939 to find out if you are entitled to a death benefit exclusion of up to \$5,000. If you are, include the exclusion in the amount entered on line 2 below.

Note. If you had more than one partially taxable pension or annuity, figure the taxable part of each separately. Enter the total of the taxable parts on Form 1040, line 16b. Enter the total pension or annuity payments received in 2003 on Form 1040, line 16a.

- 1. Enter the total pension or annuity payments received in 2003. Also, enter this amount on Form 1040, line 16a.
2. Enter your cost in the plan at the annuity starting date.
3. Enter the appropriate number from Table 1 below. But if your annuity starting date was after 1997 and the payments are for your life and that of your beneficiary, enter the appropriate number from Table 2 below.
4. Divide line 2 by the number on line 3.
5. Multiply line 4 by the number of months for which this year's payments were made. If your annuity starting date was before 1987, skip lines 6 and 7 and enter this amount on line 8. Otherwise, go to line 6.
6. Enter the amount, if any, recovered tax free in years after 1986.
7. Subtract line 6 from line 2.
8. Enter the smaller of line 5 or line 7.
9. Taxable amount. Subtract line 8 from line 1. Enter the result, but not less than zero. Also, enter this amount on Form 1040, line 16b. If your Form 1099-R shows a larger amount, use the amount on this line instead of the amount from Form 1099-R.

Table 1 for Line 3 Above

Table with 2 columns: 'IF the age at annuity starting date (see page 27) was...' and 'AND your annuity starting date was— after November 18, 1996, enter on line 3...'. Rows include categories like '55 or under', '56-60', '61-65', '66-70', '71 or older'.

Table 2 for Line 3 Above

Table with 2 columns: 'IF the combined ages at annuity starting date (see page 27) were...' and 'THEN enter on line 3...'. Rows include categories like '110 or under', '111-120', '121-130', '131-140', '141 or older'.

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Lines 16a and 16b

You may have to pay an additional tax if (a) you received an IRA and the total was not rolled over or (b) you were born before July 1, 1932, and received less than the minimum required distribution from your traditional, SEP, and SIMPLE IRAs. See the instructions for line 57 on page 42 for details.

Pensions and Annuities

You should receive a Form 1099-R showing the amount of your pension and annuity payments. See page 27 for details on rollovers and lump-sum distributions. Do not include the following payments on lines 16a and 16b: ...

- Disability pensions received before you reach the minimum retirement age set by your employer
Corrective distributions of excess salary deferrals or excess contributions to retirement plans.

Attach Form(s) 1099-R to Form 1040 if any Federal income tax was withheld.

Fully Taxable Pensions and Annuities

If your pension or annuity is fully taxable, enter it on line 16b. Do not make an entry on line 16a. Your payments are fully taxable if (a) you did not contribute to the cost (see page 27) of your pension or annuity or (b) you got your entire cost back tax free before 2003.

Fully taxable pensions and annuities also include military retirement pay shown on Form 1099-R. For details on military disability pensions, see Pub. 525. If you received a Form RRB-1099-R, see Pub. 575 to find out how to report your benefits.

Partially Taxable Pensions and Annuities

Enter the total pension or annuity payments you received in 2003 on line 16a. If your Form 1099-R does not show the taxable amount, you must use the General Rule explained in Pub. 939 to figure the taxable part to enter on line 16b. But if your annuity starting date (defined on page 26) was after July 1, 1986, see Simplified Method on page 26 to find out if you must use that method to figure the taxable part.

You can ask the IRS to figure the taxable part for you for a \$60 fee. For details, see Pub. 939.

(Continued on page 26)

Need more information or forms? See page 7.

15a and 15b instructions an IRA includes a traditional IRA, Roth IRA, simplified employee pension (SEP) IRA, and a savings incentive match plan for employees (SIMPLE) IRA. Except as provided below, leave line 15a blank and enter the total distribution on line 15b.

Exception 1. Enter the total distribution on line 15a if you rolled over part or all of the distribution from one:

- IRA to another IRA of the same type (for example, from one traditional IRA to another traditional IRA) or
SEP or SIMPLE IRA to a traditional IRA.

Also, put "Rollover" next to line 15b. If the total distribution was rolled over, enter zero on line 15b. If the total distribution was not rolled over, enter the part not rolled over on line 15b unless Exception 2 applies to the part not rolled over.

If you rolled over the distribution (a) in 2003 or (b) from an IRA into a qualified plan other than an IRA), attach a statement explaining what you did.

Exception 2. If any of the following apply, enter the total distribution on line 15a and use the amount to enter on line 15b.

- You received a distribution from an IRA (other than a Roth IRA) and you made nondeductible contributions to any of your traditional or SEP IRAs for 2003 or an earlier year. If you made nondeductible contributions to these IRAs for 2003, also see Pub. 590.
You received a distribution from a Roth IRA. But if either 1 or 2 below applies, enter -0- on line 15b; you do not have to see Form 8606 or its instructions.

1. Distribution code T is shown in box 7 of your Form 1099-R and you made a contribution (including a contribution to a Roth IRA for 1998).

2. Distribution code Q is shown in box 7 of your Form 1099-R.

- You converted part or all of a traditional, SEP, or SIMPLE IRA to a Roth IRA in 2003.
You had a 2002 or 2003 IRA contribution returned to you, with the related earnings or less any loss, by the due date (including extensions) of your tax return for that year.

You made excess contributions to your IRA for an earlier year and had them returned to you in 2003.

You recharacterized part or all of a contribution to a Roth IRA as a traditional IRA contribution, or vice versa.

Note. If you (or your spouse if filing jointly) received more than one distribution, figure the taxable amount of each distribution and enter the total of the taxable amounts on line 15b. Enter the total amount of those distributions on line 15a.

Need more information or forms? See page 7.

1302, gam), or box 2 (collectibles (28% gam)).

You are not filing Form 4952 relating to investment interest expense or if the amount on line 4g of that form includes any qualified dividends, it also includes all of your net capital gain from the disposition of property held for investment.

If all of the above apply, enter your total capital gain distributions (from box 2a of Form(s) 1099-DIV) on line 13a and check the box on that line. If you received capital gain distributions as a nominee (that is, they were paid to you but actually belong to someone else), report on line 13a only the amount that belongs to you. Attach a statement showing the full amount you received and the amount you received as a nominee. See the instructions for Schedule B for filing requirements for Forms 1099-DIV and 1099.

If you do not have to file Schedule D, be sure you are using the Qualified Dividends and Capital Gain Tax Worksheet on page 37 to figure your tax. Your tax may be less if you use this worksheet.

Line 13b

Post-May 5 Capital Gain Distributions

If you checked the box on line 13a because you are not required to file Schedule D, enter your total post-May 5 capital gain distributions on line 13b. This amount should be shown in box 2b of your Form(s) 1099-DIV or substitute statements. Reduce your total post-May 5 capital gain distributions by any post-May 5 capital gain distributions you received as a nominee (see the instructions for line 13a that began on page 24).

Line 14

Other Gains or (Losses)

If you sold or exchanged assets used in a trade or business, see the instructions for Form 4797.

Lines 15a and 15b

IRA Distributions

You should receive a Form 1099-R showing the amount of any distribution from your individual retirement arrangement (IRA). Unless otherwise noted in the line

Need more information or forms? See page 7.

Form 1040—Lines 20a and 20b

Social Security Benefits Worksheet—Lines 20a and 20b

Keep for Your Records

Before you begin:

- Complete Form 1040, lines 21, 23, 24, and 27 through 32a, if they apply to you. Figure any amount to be entered on the dotted line next to line 33 (see page 33). If you are married filing separately and you lived apart from your spouse for all of 2003, enter "D" to the right of the word "benefits" on line 20a. Be sure you have read the Exception on page 27 to see if you can use this worksheet instead of a publication to find out if any of your benefits are taxable.

1. Enter the total amount from box 5 of all your Forms SSA-1099 and Forms RRB-1099. 2. Enter one-half of line 1. 3. Enter the total of the amounts from Form 1040, lines 7, 8a, 9a, 10 through 12, 13a, 14, 15b, 16b, 17 through 19, and 21. 4. Enter the amount, if any, from Form 1040, line 8b. 5. Add lines 2, 3, and 4. 6. Enter the total of the amounts from Form 1040, lines 23, 24, and 27 through 32a, plus any amount you entered on the dotted line next to line 33. 7. Is the amount on line 6 less than the amount on line 5? 8. If you are: a. Married filing jointly, enter \$32,000. b. Single, head of household, qualifying widow(er), or married filing separately and you lived apart from your spouse for all of 2003, enter \$23,000. c. Married filing separately and you lived with your spouse at any time in 2003, skip lines 8 through 15; multiply line 7 by 85% (.85) and enter the result on line 16. Then go to line 17. 9. Is the amount on line 8 less than the amount on line 7? 10. Enter \$12,000 if married filing jointly; \$9,000 if single, head of household, qualifying widow(er), or married filing separately and you lived apart from your spouse for all of 2003; enter 0 on line 20b. Be sure you entered "D" to the right of the word "benefits" on line 20a. 11. Subtract line 10 from line 9. If zero or less, enter 0. 12. Enter the smaller of line 9 or line 10. 13. Enter one-half of line 12. 14. Enter the smaller of line 2 or line 13. 15. Multiply line 11 by 85% (.85). If line 11 is zero, enter 0. 16. Add lines 14 and 15. 17. Multiply line 1 by 85% (.85). 18. Taxable social security benefits. Enter the smaller of line 16 or line 17. 19. Enter the amount from line 1 above on Form 1040, line 20a. 20. Enter the amount from line 18 above on Form 1040, line 20b.

If part of your benefits are taxable for 2003 and they include benefits paid in 2003 that were for an earlier year, you may be able to reduce the taxable amount. See Pub. 915 for details.

Form 1040—Lines 16a Through 21

Other Income

Do not report on this line any income from self-employment or fees received as a notary public. Instead, you must use Schedule C, C-EZ, or F, even if you do not have any business expenses. Also, do not report on line 21 any nonemployee compensation shown on Form 1099-MISC. Instead, see the chart on page 18 to find out where to report that income.

Use line 21 to report any income not reported elsewhere on your return or other schedules. See the examples that begin below. List the type and amount of income. If necessary, show the required information on an attached statement. For more details, see Miscellaneous Income in Pub. 528.

Do not report any nontaxable amounts on line 21, such as any advance child tax credit payment you received, child support, money or property that was inherited, willful to you, or received as a gift, or life insurance proceeds received because of a person's death.

Examples of income to report on line 21 are: Taxable distributions from a Coverdell education savings account (ESA). Distributions from a Coverdell ESA may be taxable if (a) they are more than the qualified education expenses of the designated beneficiary in 2003 and (b) they were not included in a qualified rollover. See Pub. 970.

Line 19 Unemployment Compensation

You should enter a Form 1099-G showing the total unemployment compensation paid to you in 2003. If you received an overpayment of unemployment compensation in 2003 and you repaid any of it in 2003, subtract the amount you repaid from the total amount you received. Enter the result on line 19. Also, enter "Repaid" and the amount you repaid on the dotted line next to line 19. If, in 2003, you repaid unemployment compensation that you included in gross income in an earlier year, you may deduct the amount repaid on Schedule A, line 22. But if you repaid more than \$3,000, see Repayments in Pub. 528 for details on how to report the repayment.

Line 20a and 20b Social Security Benefits

You should receive a Form SSA-1099 showing in box 3 the total social security benefits paid to you. Box 4 will show the amount of any benefits you should receive as social security. You should receive a Form RRB-1099. Use the worksheet on page 28 to see if any of your benefits are taxable. Exception. Do not use the worksheet on page 28 if any of the following apply: You made contributions to a traditional IRA for 2003 and you or your spouse were covered by a retirement plan at work or through self-employment. Instead, use the worksheets in Pub. 590 to see if any of

Line 21

may owe an additional tax if you received an early distribution from a qualified retirement plan and the total amount was not rolled over. For details, see the instructions for line 21 on page 42. Enter the total distribution on line 16a and the taxable part on line 16b.

You may be able to pay less tax on the distribution if you were born before January 2, 1936, you meet certain other conditions, and you choose to use Form 4972 to figure the tax on any part of the distribution. You may also be able to use Form 4972 if you are the beneficiary of a deceased employee who was born before January 2, 1936. For details, see Form 4972.

Line 19 Unemployment Compensation

You should enter a Form 1099-G showing the total unemployment compensation paid to you in 2003. If you received an overpayment of unemployment compensation in 2003 and you repaid any of it in 2003, subtract the amount you repaid from the total amount you received. Enter the result on line 19. Also, enter "Repaid" and the amount you repaid on the dotted line next to line 19. If, in 2003, you repaid unemployment compensation that you included in gross income in an earlier year, you may deduct the amount repaid on Schedule A, line 22. But if you repaid more than \$3,000, see Repayments in Pub. 528 for details on how to report the repayment.

Lines 20a and 20b Social Security Benefits

You should receive a Form SSA-1099 showing in box 3 the total social security benefits paid to you. Box 4 will show the amount of any benefits you should receive as social security. You should receive a Form RRB-1099. Use the worksheet on page 28 to see if any of your benefits are taxable. Exception. Do not use the worksheet on page 28 if any of the following apply: You made contributions to a traditional IRA for 2003 and you or your spouse were covered by a retirement plan at work or through self-employment. Instead, use the worksheets in Pub. 590 to see if any of

Line 21

may owe an additional tax if you received an early distribution from a qualified retirement plan and the total amount was not rolled over. For details, see the instructions for line 21 on page 42. Enter the total distribution on line 16a and the taxable part on line 16b.

You may be able to pay less tax on the distribution if you were born before January 2, 1936, you meet certain other conditions, and you choose to use Form 4972 to figure the tax on any part of the distribution. You may also be able to use Form 4972 if you are the beneficiary of a deceased employee who was born before January 2, 1936. For details, see Form 4972.

Line 19 Unemployment Compensation

You should enter a Form 1099-G showing the total unemployment compensation paid to you in 2003. If you received an overpayment of unemployment compensation in 2003 and you repaid any of it in 2003, subtract the amount you repaid from the total amount you received. Enter the result on line 19. Also, enter "Repaid" and the amount you repaid on the dotted line next to line 19. If, in 2003, you repaid unemployment compensation that you included in gross income in an earlier year, you may deduct the amount repaid on Schedule A, line 22. But if you repaid more than \$3,000, see Repayments in Pub. 528 for details on how to report the repayment.

Form 1040—Line 24

the amount that should have been distributed. For details, including how to figure the minimum required distribution, see Pub. 590

Were You Covered by a Retirement Plan?

If you were covered by a retirement plan (qualified pension, profit-sharing (including 401(k)), annuity, SEP, SIMPLE, etc.) at work or through self-employment, your

IRA deduction may be reduced or eliminated. But you can still make contributions to an IRA, even if you cannot deduct them. In any case, the income earned on your IRA contributions is not taxed until it is paid to you.

(Continued on page 31)

IRA Deduction Worksheet—Line 24

Before you begin: Complete Form 1040, lines 27 through 32a, if they apply to you. Figure any amount to be entered on the dotted line next to line 33 (see page 33). Be sure you have read the list that begins on page 29.

Form with 10 numbered questions (1a-10b) regarding IRA deductions, including marital filing status, amounts, and spouse's IRA information.

You may be able to take the retirement savings contributions credit. See the instructions for line 48 on page 39.



Need more information or forms? See page 7.

Form 1040—Lines 21 Through 24

- If you were age 70½ or older at the end of 2003, you cannot deduct any contributions made to your traditional IRA for 2003 or treat them as nondeductible contributions.
• You cannot deduct contributions to a Roth IRA. But you may be able to take the retirement savings contributions credit. See the instructions for line 48 on page 39.



If you make contributions to both a traditional IRA and a Roth IRA for 2003, do not use the worksheet on page 30. Instead, use the worksheet on page 590 to figure the amount, if any, of your IRA deduction.

- You cannot deduct elective deferrals to a 401(k) plan, section 457 plan, SIMPLE plan, or the Federal Thrift Savings Plan. These amounts are not included as income in box 1 of your Form W-2. But you may be able to take the retirement savings contributions credit. See the instructions for line 48 on page 39.
• If you made contributions to your IRA in 2003 that you deducted for 2002, do not include them in the worksheet.

- If you received a distribution from a nonqualified deferred compensation plan or governmental section 457 plan that is included in box 1 of your Form W-2, do not include that distribution on line 8 of the worksheet. The distribution should be shown in box 11 of your Form W-2. If it is not, contact your employer for the amount of the distribution.
• You must file a joint return to deduct contributions to your spouse's IRA. Enter the total IRA deduction for you and your spouse on line 24.

- Do not include rollover contributions in figuring your deduction. Instead, see the instructions for lines 15a and 15b on page 25.
• Do not include trustee's fees that were billed separately and paid by you for your IRA. These fees are deductible only as an itemized deduction on Schedule A.

- If the total of your IRA deduction on line 24 plus any nondeductible contribution to your traditional IRAs shown on Form 8606 is less than your total additional IRA contributions for 2003, see Pub. 590 for special rules.
By April 1 of the year after the year in which you turn age 70½, you must start taking minimum required distributions from your traditional IRA. If you do not, you may have to pay a 50% additional tax on



Need more information or forms? See page 7.

were eligible educators, the maximum deduction is \$500. However, neither spouse can deduct more than \$250 of his or her qualified expenses. An eligible educator is a kindergarten through grade 12 teacher, instructor, counselor, principal, or aide in a school for at least 900 hours during a school year.

Qualified expenses include ordinary and necessary expenses paid in connection with books, supplies, equipment (including computer equipment, software, and services), and other materials used in the classroom. An ordinary expense is one that is common and accepted in your educational field. A necessary expense is one that is helpful and appropriate for your profession as an educator. An expense does not have to be required to be considered necessary.

Qualified expenses do not include expenses for home schooling or for non taxable supplies for courses in health or physical education. You must reduce your qualified expenses by the following amounts:

- Excludable U.S. series EE and I savings bond interest from Form 8815.
• Nontaxable qualified state tuition program earnings.
• Nontaxable earnings from Coverdell education savings accounts.

Any reimbursements you received for these expenses that were not reported to you in box 1 of your Form W-2.

For more details, see "Tax topic 458" (see page 11).

Line 24

IRA Deduction



If you made any nondeductible contributions to a traditional individual retirement arrangement (IRA) for 2003, you must report them on Form 8606.

If you make contributions to a traditional IRA for 2003, you may be able to take an IRA deduction. But you, or your spouse if filing a joint return, must have had earned income to do so. For IRA purposes, earned income includes certain amounts received. See Pub. 590 for details. A statement should be sent to you by June 1, 2004, that shows all contributions to your traditional IRA for 2003.

Use the worksheet on page 30 to figure the amount, if any, of your IRA deduction. But read the following list before you fill in the worksheet.

You may have to pay an additional tax if you received a taxable distribution from a Coverdell ESA. See the instructions for Form 5329.

- Prizes and awards, including lottery, raffles, a lump-sum payment from the state or a right to receive future lottery payments, etc. For details, see "Gambling losses," on page A-6.
• Alaska Permanent Fund dividends.

Qualified tuition program earnings. However, you may be able to exclude part or all of the earnings from income if (a) the qualified tuition program was established and maintained by a state (or agency or instrumentality of the state) and (b) any part of the distribution was used to pay qualified higher education expenses. Also, you may be able to exclude part or all of the earnings from income if they were included in a qualified rollover. See Pub. 970.



You may have to pay an additional tax if you received qualified tuition program earnings that are included on line 21. See the instructions for Form 5329.

- Reimbursements or other amounts received for items deducted in an earlier year, such as medical expenses, real estate taxes, or home mortgage interest. See "Recoveries" in Pub. 525 for details on how to figure the amount to report.

Income from the rental of personal property if you engaged in the rental for profit but were not in the business of renting such property. Also, see the instructions for line 33 that begin on page 33.

- Income from an activity not engaged in for profit. See Pub. 535.
• Loss on certain consecutive distributions of excess deferrals. See "Retirement Plan Contributions" in Pub. 525.

Adjusted Gross Income

Line 23

Educator Expenses

If you were an eligible educator in 2003, you can deduct up to \$250 of qualified expenses you paid in 2003. If you and your spouse are filing jointly and both of you

Form 1040—Lines 25 Through 28

Form 1040—Lines 25 Through 28
• You cannot be claimed as a dependent on someone's (such as your parent's) 2003 tax return
• You are not claiming an education credit for the same student. See the above credit for line 47 on page 39
• You were a U.S. citizen or resident alien for all of 2003 or you were a dependent for any part of 2003 and you are filing a joint return.

Use the worksheet below to figure your tuition and fees deduction
Exception Use Pub. 970 instead of the worksheet below to figure your tuition and fees deduction if you file Form 2555, 2555-EZ, or 4563, or you exclude income from sources within Puerto Rico.

Qualified Tuition and Fees. These are amounts paid in 2003 for tuition and fees required for the student's enrollment or attendance at an eligible educational institution during 2003. Tuition and fees paid in 2003 for an academic period that begins in the first 3 months of 2004 can also be used in figuring your deduction. Amounts paid include those paid by credit card or will, borrowed funds, an eligible educational institution, and certain vocational schools.

Line 25 Student Loan Interest Deduction
You can take this deduction only if all of the following apply:
• You paid qualified tuition and fees (see this page) in 2003 for yourself, your spouse, or your dependent(s)
• Your filing status is any status except married filing separately.

Line 26 Tuition and Fees Deduction Worksheet—Line 26
Before you begin:
• Complete Form 1040, lines 27 through 32a. If they apply to you, figure any amount to be entered on the dotted line next to line 33 (see page 33).
• See the instructions for line 26 above.
• Be sure you have read the Exception above to see if you can use this worksheet instead of Pub. 970 to figure your deduction.

Line 27 Moving Expenses
If you moved in connection with your job or business or started a new job, you may be able to take this deduction. But your new workplace must be at least 50 miles farther from your old home than your old home was from your old workplace. If you had no former workplace, your new workplace must be at least 50 miles from your old home. Use TeleTax topic 453 (see page 11) or see Form 3903.

Line 28 One-Half of Self-Employment Tax
If you were self-employed and you self-employed tax, fill in Schedule SE to figure the amount of your deduction.

Form 1040—Lines 24 and 25

page 33). However, a loan is not a qualified student loan if (a) any of the proceeds were used for other purposes or (b) the loan was from either a related person or a person who borrowed the proceeds under a qualified employer plan in a course (purchased) under such a plan. To find out who is a related person, see Pub. 970.
Qualified higher education expenses generally include tuition, fees, room and board, and related expenses such as books and supplies. The expenses must be for education in a degree, certificate, or similar program at an eligible educational institution. An eligible educational institution includes most colleges, universities, and certain vocational schools. You must receive the expenses by the following benefits:
• Employer-provided educational assistance benefits that are not included in box 1 of your Form(s) W-2
• Excludable U.S. series EE and I savings bond interest from Form 8815
• Nontaxable qualified state tuition fees

Use the worksheet below to figure your student loan interest deduction
Exception Use Pub. 970 instead of the worksheet below to figure your student loan interest deduction if you file Form 2555, 2555-EZ, or 4563, or you exclude income from sources within Puerto Rico.

Line 25 Student Loan Interest Deduction
You can take this deduction only if all of the following apply:
• You paid interest in 2003 on a qualified student loan (see this page).

Line 26 Student Loan Interest Deduction Worksheet—Line 25
Before you begin:
• Complete Form 1040, lines 27 through 32a, if they apply to you. Figure any amount to be entered on the dotted line next to line 33 (see page 33).
• See the instructions for line 25 that begin on this page.
• Be sure you have read the Exception above to see if you can use this worksheet instead of Pub. 970 to figure your deduction.

Line 27 Qualified Higher Education Expenses
Use the worksheet below to figure your qualified higher education expenses (defined above). Do not enter more than \$2,500.

Line 28 Qualified Higher Education Expenses Worksheet—Line 27
Before you begin:
• Complete Form 1040, lines 27 through 32a, if they apply to you. Figure any amount to be entered on the dotted line next to line 33 (see page 33).
• See the instructions for line 27 that begin on this page.
• Be sure you have read the Exception above to see if you can use this worksheet instead of Pub. 970 to figure your deduction.

Form 1040—Lines 24 and 25

Form 1040—Lines 24 and 25
• Your filing status is any status except married filing separately
• Your modified adjusted gross income (AGI) is less than: \$65,000 if single, head of household, or qualifying widow(er); \$130,000 if married filing jointly. Use lines 2 through 4 of the worksheet below to figure your modified AGI.
• You are not claimed as a dependent on someone's (such as your parent's) 2003 tax return.

Use the worksheet below to figure your student loan interest deduction
Exception Use Pub. 970 instead of the worksheet below to figure your student loan interest deduction if you file Form 2555, 2555-EZ, or 4563, or you exclude income from sources within Puerto Rico.

Line 25 Student Loan Interest Deduction
You can take this deduction only if all of the following apply:
• You paid interest in 2003 on a qualified student loan (see this page).

Line 26 Student Loan Interest Deduction Worksheet—Line 25
Before you begin:
• Complete Form 1040, lines 27 through 32a, if they apply to you. Figure any amount to be entered on the dotted line next to line 33 (see page 33).
• See the instructions for line 25 that begin on this page.
• Be sure you have read the Exception above to see if you can use this worksheet instead of Pub. 970 to figure your deduction.

Line 27 Qualified Higher Education Expenses
Use the worksheet below to figure your qualified higher education expenses (defined above). Do not enter more than \$2,500.

Line 28 Qualified Higher Education Expenses Worksheet—Line 27
Before you begin:
• Complete Form 1040, lines 27 through 32a, if they apply to you. Figure any amount to be entered on the dotted line next to line 33 (see page 33).
• See the instructions for line 27 that begin on this page.
• Be sure you have read the Exception above to see if you can use this worksheet instead of Pub. 970 to figure your deduction.

Line 29 Qualified Higher Education Expenses Worksheet—Line 27
Before you begin:
• Complete Form 1040, lines 27 through 32a, if they apply to you. Figure any amount to be entered on the dotted line next to line 33 (see page 33).
• See the instructions for line 27 that begin on this page.
• Be sure you have read the Exception above to see if you can use this worksheet instead of Pub. 970 to figure your deduction.

Line 30 Qualified Higher Education Expenses Worksheet—Line 27
Before you begin:
• Complete Form 1040, lines 27 through 32a, if they apply to you. Figure any amount to be entered on the dotted line next to line 33 (see page 33).
• See the instructions for line 27 that begin on this page.
• Be sure you have read the Exception above to see if you can use this worksheet instead of Pub. 970 to figure your deduction.

Line 31 Qualified Higher Education Expenses Worksheet—Line 27
Before you begin:
• Complete Form 1040, lines 27 through 32a, if they apply to you. Figure any amount to be entered on the dotted line next to line 33 (see page 33).
• See the instructions for line 27 that begin on this page.
• Be sure you have read the Exception above to see if you can use this worksheet instead of Pub. 970 to figure your deduction.

Line 32 Qualified Higher Education Expenses Worksheet—Line 27
Before you begin:
• Complete Form 1040, lines 27 through 32a, if they apply to you. Figure any amount to be entered on the dotted line next to line 33 (see page 33).
• See the instructions for line 27 that begin on this page.
• Be sure you have read the Exception above to see if you can use this worksheet instead of Pub. 970 to figure your deduction.



Form 1040—Lines 33 Through 37

before January 2, 1939, or was blind at the end of 2003, also check the appropriate boxes for your spouse. Be sure to enter the total number of boxes checked.

**Blindness**

If you were partially blind as of December 31, 2003, you must get a statement certified by your eye doctor or registered optometrist that:

- You cannot see better than 20/200 in your better eye with glasses or contact lenses or
- Your field of vision is 20 degrees or less.

If your eye condition is not likely to improve beyond the conditions listed above, you can get a statement certified by your eye doctor or registered optometrist to this effect instead.

You must keep the statement for your records.

**Line 36b**

If your spouse itemizes deductions on a separate return or if you were a dual-status alien, check the box on line 36b. But if you were a dual status alien and you file a joint return with your spouse who was a U.S. citizen or resident at the end of 2003 and you and your spouse agree to be taxed on your combined worldwide income, do not check the box.

**Tax and Credits**

**Line 36a**

If you were born before January 2, 1939, or were blind at the end of 2003, check the appropriate boxes on line 36a. If you were married and checked the box on line 6b of Form 1040 and your spouse was born

**Line 31**

**Penalty on Early Withdrawal of Savings**

The Form 1099-INT or Form 1099-OID you received will show the amount of any penalty you were charged.

**Lines 32a and 32b**

**Alimony Paid**

If you make payments to or for your spouse or former spouse under a divorce or separation instrument, you may be able to take this deduction. Use TeleTax topic 452 (see page 11) or see Pub. 504.

**Line 33**

Include in the total on line 33 any of the following adjustments. To find out if you can take the deduction, see the form or publication indicated. On the dotted line next to line 33, enter the amount of your deduction and identify it as indicated.

- Archer MSA deduction (see Form 8853). Identify as "MSA."
- Deduction for clean fuel vehicles (see Pub. 5345). Identify as "Clean Fuel."
- Performing arts related expenses (see Form 2106 or 2106-EZ). Identify as "QPA."
- Jury duty pay given to your employer (see Pub. 525). Identify as "Jury Pay."
- Deductible expenses related to income reported on line 21 from the rental of

**Line 29**

**Self-Employed Health Insurance Deduction**

You may be able to deduct the amount you paid for health insurance for yourself, your spouse, and your dependents if either of the following applies.

- You were self-employed and had a net profit for the year or
- You received wages in 2003 from an S corporation in which you were a more than 1% shareholder. Health insurance deduction for Ss may be shown in box 14 of your Form W-2.

The insurance plan must be established under your business. But if you were also eligible to participate in any subsidized health plan maintained by you or your spouse's employer for any month or part of a month in 2003, amounts paid for health insurance coverage for that month cannot be used to figure the deduction. For example, if you were eligible to participate in a subsidized health plan maintained by your spouse's employer from September 30 through December 31, you cannot use amounts paid for health insurance coverage for September through December to figure your deduction.

For more details, see Pub. 535.

Note. If, during 2003, you were an eligible trade adjustment assistance (TAA) recipient, alternative TAA recipient, or Pension Benefit Guaranty Corporation pension recipient, you must complete Form 8885 before completing the worksheet below. When figuring the amount to enter on line 1 of the worksheet below, do not include any

**Before you begin:**

- ✓ Complete Form 1040, line 30, if it applies to you.
- ✓ If, during 2003, you were an eligible trade adjustment assistance (TAA) recipient, alternative TAA recipient, or Pension Benefit Guaranty Corporation pension recipient, see the Note above.
- ✓ Be sure you have read the Explanation above to see if you can use this worksheet instead of Pub. 535 to figure your deduction.

1. Enter the total amount paid in 2003 for health insurance coverage established under your business for 2003 for you, your spouse, and your dependents. But do not include amounts for any month you were eligible to participate in an employer-sponsored health plan.
2. Enter your net profit and any other earned income\* from the business under which the insurance plan is established, minus any deductions on Form 1040, lines 28 and 30.
3. Self-employed health insurance deduction. Enter the smaller of line 1 or line 2 here and on Form 1040, line 29. Do not include this amount in figuring any medical expense deduction on Schedule A (Form 1040).

\* Earned income includes net earnings and gain from the sale, transfer, or licensing of property you created. It does not include capital gain income. If you were a more-than-1% shareholder in the S corporation under which the insurance plan is established, earned income is your wages from that corporation.

**Line 37**

**Itemized Deductions or Standard Deduction**

In most cases, your federal income tax will be less if you take the larger of your:

- Itemized deductions or
- Standard deduction



If you checked the box on line 36b, your standard deduction is zero.

**Itemized Deductions**

To figure your itemized deductions, fill in Schedule A.

**Standard Deduction**

Most people can find their standard deduction by looking at the amounts listed under "All other" to the left of line 37 of Form 1040. But if you, or your spouse if filing jointly, can be claimed as a dependent on someone's 2003 return or you checked any box on line 36a, use the worksheet below or the chart on page 35, whichever applies, to figure your standard deduction. Also, if you checked the box on line 36b, your standard deduction is zero, even if you were born before January 2, 1939, or were blind or electing to itemize for State Tax or Other Purposes.

If you itemize even though your itemized deductions are less than your standard deduction, enter "IE" on the dotted line next to line 37.

**Standard Deduction Worksheet for Dependents—Line 37**

Use this worksheet only if someone can claim you, or your spouse if filing jointly, as a dependent.

1. Add \$250 to your earned income\*. Enter the total
2. Minimum standard deduction
3. Enter the larger of line 1 or line 2
4. Enter the amount shown below for your filing status:
  - Single or married filing separately—\$4,750
  - Married filing jointly or qualifying widow(er)—\$9,500
  - Head of household—\$7,000
  - Standard deduction.
5. Enter the smaller of line 3 or line 4. If born after January 1, 1939, and not blind, stop here and enter this amount on Form 1040, line 37. Otherwise, go to line 5b.
  - a. If born before January 2, 1939, or blind, multiply the number on Form 1040, line 36a, by \$950 (\$1,150 if single or head of household)
  - b. Add lines 5a and 5b. Enter the total here and on Form 1040, line 37
  - c. Add lines 5a and 5b. Enter the total here and on Form 1040, line 37

\* Earned income includes wages, salaries, tips, professional fees, and other compensation received for personal services you performed. It also includes any amount received as a scholarship that you must include in your income. Generally, your earned income is the total of the amounts you reported on Form 1040, lines 7, 12, and 18, minus the amount, if any, on line 28.

Keep for Your Records

Form 1040—Line 41

**Line 41**

**Tax**

Do you want the IRS to figure your tax for you?

Yes. See Pub 947 for details, including who is eligible and what to do. If you have paid too much, we will send you a refund. If you did not pay enough, we will send you a bill.

No. Use one of the following methods to figure your tax. Also include in the total on line 41 any of the following taxes:

- Tax from Forms 8814 and 8972. Be sure to check the appropriate boxes):
  - Tax from resque of an education credit. You may owe the tax if (a) you claimed an education credit in an earlier year and (b) you, your spouse if filing jointly, or your dependent received in 2003 either tax-free educational assistance or a refund of qualified expenses. See Form 8863 for more details. If you owe this tax, enter the amount and "ECR" on the dotted line next to line 41.

**Standard Deduction Chart for People Who Were Born Before January 2, 1939, or Were Blind—Line 37**

Do not use this chart if someone can claim you, or your spouse if filing jointly, as a dependent. Instead, use the worksheet on page 34.

Enter the number from the box on line 36a of Form 1040.    Do not use the number of exemptions from Form 1040.   

IF your filing status is ...	AND the number in the box above is ...	THEN your standard deduction is ...
Single	1	\$5,900
	2	7,050
Married filing jointly or Qualifying widow(er)	1	\$10,450
	2	11,600
	3	12,350
	4	13,300
Married filing separately	1	\$5,700
	2	6,650
	3	7,600
	4	8,550
Head of household	1	\$4,150
	2	9,500



Keep for Your Records

**Deduction for Exemptions Worksheet—Line 39**

1. In the amount on Form 1040, line 35, more than the amount shown on line 4 below (for your filing status)?
  - No. Multiply \$3,050 by the total number of exemptions claimed on Form 1040, line 64, and enter the result on line 39.
  - Yes. Continue.
2. Multiply \$3,050 by the total number of exemptions claimed on Form 1040, line 64. .... 2.
3. Enter the amount from Form 1040, line 35. .... 3.
4. Enter the amount shown below for your filing status.
  - Single—\$139,500
  - Married filing jointly or qualifying widow(er)—\$209,250
  - Married filing separately—\$104,625
  - Head of household—\$174,400
5. Subtract line 4 from line 3. If the result is more than \$12,500 (\$61,250 if married filing separately). You cannot take a deduction for exemptions. .... 5.
6. Divide line 5 by \$2,500 (\$1,250 if married filing separately). If the result is not a whole number, increase it to the next higher whole number (for example, increase 0.0004 to 1). .... 6.
7. Multiply line 6 by 2% (.02) and enter the result as a decimal. .... 7.
8. Multiply line 2 by line 7. .... 8.
9. Deduction for exemptions. Subtract line 8 from line 2. Enter the result here and on Form 1040, line 39. .... 9.

child's parents was alive at the end of 2003, do not use Form 8615 to figure the child's tax. Also, a child born on January 1, 1990, is considered to be age 14 at the end of 2003. Do not use Form 8615 for such a child.

**Schedule D.** Use Part IV of Schedule D to figure your tax if you are required to file Schedule D and (a) you had a net capital gain (both lines to and 1) of Schedule D are gains) or (b) you have qualified dividends on Form 1040, line 9b.

**Qualified Dividends and Capital Gain Tax Worksheet.** If you received qualified dividends or capital gain distributions but you are not required to file Schedule D, use the worksheet on page 37 to figure your tax.

**Schedule J.** If you had income from farming, your tax may be less if you choose to figure it using income averaging on Schedule J.

**Tax Table or Tax Rate Schedules.** If your taxable income is less than \$100,000, you must use the Tax Table that begins on page 65, to figure your tax. Be sure you use the correct column. If your taxable income is \$100,000 or more, use the Tax Rate Schedules on page 74.

**Exceptions.** Do not use the Tax Table or Tax Rate Schedules to figure your tax if either of the following applies:

- You are required to figure your tax using Form 8615, Schedule D, or the Qualified Dividends and Capital Gain Tax Worksheet on page 37.
- You use Schedule J (for farm income) to figure your tax.

Form 8615. Form 8615 must generally be used to figure the tax for any child who was under age 14 at the end of 2003, and who had more than \$1,500 of investment income, such as taxable interest, ordinary dividends, or capital gains (including capital gain distributions). But if neither of the

Qualified Dividends and Capital Gain Tax Worksheet—Line 41

Keep for Your Records

Before you begin: Be sure you do not have to file Schedule D (see the instructions for Form 1040, line 13a, that begin on page 24). If you have capital gain distributions, be sure you checked the box on line 13a of Form 1040.

1. Enter the amount from Form 1040, line 40 ..... 1.
2. Enter the amount from Form 1040, line 96 ..... 2.
3. Enter the amount from Form 1040, line 13a ..... 3.
4. Add lines 2 and 3 ..... 4.
5. If you are claiming investment interest expense on Form 4952, enter the amount from line 4g of that form. Otherwise, enter -0- ..... 5.
6. Subtract line 5 from line 4. If zero or less, enter -0- ..... 6.
7. Subtract line 6 from line 1. If zero or less, enter -0- ..... 7.
8. Enter the smaller of:
- The amount on line 1 or
- \$16,800 if married (filing jointly or qualifying widow(er)),
\$12,400 if single or married filing separately, or
\$38,050 if head of household.
..... 8.
9. Is the amount on line 7 equal to or more than the amount on line 8?
Yes. Skip lines 9 through 15; go to line 16 and check the "No" box.
No. Enter the amount from line 7 ..... 9.
10. Subtract line 9 from line 8 ..... 10.
11. Add the amounts from Form 1040, line 13b, and line 2 above ..... 11.
12. Enter the smaller of line 10 or line 11 ..... 12.
13. Multiply line 12 by 5% (.05) ..... 13.
14. Subtract line 12 from line 10. If zero, go to line 16 ..... 14.
15. Multiply line 14 by 10% (.10) ..... 15.
16. Are the amounts on lines 6 and 10 the same?
Yes. Skip lines 16 through 25; go to line 26.
No. Enter the smaller of line 3 or line 6 ..... 16.
17. Enter the amount from line 10 (if line 10 is blank, enter -0-) ..... 17.
18. Subtract line 17 from line 16 ..... 18.
19. Add the amounts from Form 1040, line 13b, and line 2 above ..... 19.
20. Enter the amount from line 12 (if line 12 is blank, enter -0-) ..... 20.
21. Subtract line 20 from line 19 ..... 21.
22. Enter the smaller of line 18 or line 21 ..... 22.
23. Multiply line 22 by 15% (.15) ..... 23.
24. Subtract line 23 from line 18. If zero, go to line 26 ..... 24.
25. Multiply line 24 by 20% (.20) ..... 25.
26. Figure the tax on the amount on line 7. Use the Tax Table or Tax Rate Schedules, whichever applies ..... 26.
27. Add lines 13, 15, 23, 25, and 26 ..... 27.
28. Figure the tax on the amount on line 1. Use the Tax Table or Tax Rate Schedules, whichever applies ..... 28.
29. Tax on all taxable income. Enter the smaller of line 27 or line 28 here and on Form 1040, line 41 ..... 29.

- 37 - Need more information or forms? See page 7.

Line 42 Alternative Minimum Tax

Use the worksheet below to see if you should fill in Form 6251.

Exception. Fill in Form 6251 instead of using the worksheet below if you claimed (or received any of the following items):
- Accelerated depreciation.
- Stock by exercising an incentive stock option and you did not dispose of the stock in the same year.

Worksheet To See if You Should Fill in Form 6251—Line 42

Keep for Your Records

Before you begin: Be sure you have read the Exception above to see if you must fill in Form 6251 instead of using this worksheet. If you are claiming the foreign tax credit (see the instructions for Form 1040, line 44, on page 39), enter that credit on line 44.

1. Are you filing Schedule A?
Yes. Enter the amount from Form 1040, line 38.
No. Enter the amount from Form 1040, line 35, and go to line 4 ..... 1.
2. Enter the smaller of the amount on Schedule A, line 4, or 2.5% (.025) of the amount on Form 1040, line 35 ..... 2.
3. Enter the total of the amounts from Schedule A, lines 9 and 26 ..... 3.
4. Add lines 1 through 3 above ..... 4.
5. Enter the amount shown below for your filing status:
Single or head of household—\$40,250
Married filing jointly or qualifying widow(er)—\$58,000
Married filing separately—\$29,000
Is the amount on line 4 more than the amount on line 5?
No. Stop. You do not need to fill in Form 6251.
Yes. Subtract line 5 from line 4 ..... 5.
6. Enter the amount shown below for your filing status:
Single or head of household—\$112,500
Married filing jointly or qualifying widow(er)—\$150,000
Married filing separately—\$75,000
Is the amount on line 4 more than the amount on line 7?
No. Enter the amount from line 6 on line 10 and go to line 11.
Yes. Subtract line 7 from line 4 ..... 7.
8. Multiply line 8 by 25% (.25) and enter the result but do not enter more than line 5 above ..... 8.
9. Add lines 6 and 9 ..... 9.
10. Is the amount on line 10 more than \$175,000 (\$87,500 if married filing separately)?
Yes. Fill in Form 6251 to see if you owe the alternative minimum tax.
No. Multiply line 10 by 26% (.26) ..... 10.
11. Enter the amount from Form 1040, line 41, minus the total of any tax from Form 4972 and any amount on Form 1040, line 44 ..... 11.
12. Is the amount on line 11 more than the amount on line 12?
Yes. Fill in Form 6251 to see if you owe the alternative minimum tax.
No. You do not need to fill in Form 6251. ..... 12.

- 38 - Need more information or forms? See page 7.

### Line 49—Child Tax Credit

#### What Is the Child Tax Credit?

This credit is for people who have a qualifying child (defined below). It is in addition to the credit for child and dependent care expenses on Form 1040, line 45, and the earned income credit on Form 1040, line 63.

#### Four Steps To Take the Child Tax Credit!

- Step 1.** Make sure you have a qualifying child for the child tax credit (defined below).
- Step 2.** Make sure you checked the box in column (4) of line 6c on Form 1040 for each qualifying child.
- Step 3.** Make sure you know the amount of any advance child tax credit payment you received (before offset) in 2003 (see below).
- Step 4.** Answer the questions on this page to see if you may use the worksheet on page 41 to figure your credit or if you must use Pub. 972, *Child Tax Credit*. If you need Pub. 972, see page 7.

#### Qualifying Child for Child Tax Credit

- A qualifying child for purposes of the child tax credit is a child who:
- Is claimed as your dependent on line 6, and
  - Is your (or your daughter, adopted child, stepchild, or a descendant of any of them (for example, your grandchild), (b) brother, sister, stepbrother, stepmother, or a descendant of any of them (for example, your niece or nephew), whom you cared for as you would your own child; or (c) foster child (any child placed with you by an authorized placement agency) whom you cared for as you would your own child; and
  - Is a U.S. citizen or resident alien.

Note. The above requirements are not the same as the requirements to be a qualifying child for the earned income credit.

An adopted child is always treated as your own child. An adoption agency for legal adoption even if the adoption is not final. An authorized placement agency includes any person or court authorized by state law to place children for legal adoption.

#### Advance Child Tax Credit Payment

You must reduce your 2003 child tax credits by any advance child tax credit payment you received in 2003. Enter the amount of any advance payment you received (before offset) on line 2 of your Child Tax Credit Worksheet. The amount of your advance payment (before offset) is shown on Notice 1319. This notice was mailed to you in 2003. If you do not have this notice, you can check the amount of your advance payment (before offset) on the IRS website at [www.irs.gov](http://www.irs.gov) or call us at 1-800-829-1040. For details on offsets, see *Refund Offset* on page 56.

If you filed a joint return for 2002, but for 2003 you are not filing a joint return (or a joint return with the same spouse), you are considered to have received one-half of the advance payment.

### Line 48

#### Retirement Savings Contributions Credit

You may be able to take this credit if you, your spouse, or your dependent on Form 1040, line 35, made (a) contributions to a traditional or Roth IRA, (b) elective deferrals to a 401(k), 403(b), governmental 457, SEP, or SIMPLE plan, (c) voluntary employee contributions to a qualified retirement plan (including the Federal Thrift Savings Plan), or (d) contributions to a 501(c)(18)(D) plan.

However, you cannot take the credit if either of the following applies:

- The amount on Form 1040, line 35, is more than \$25,000 (\$37,500 if head of household, \$50,000 if married filing jointly).
- The person(s) who made the qualified contribution or elective deferral (a) was born after January 11, 1986, (b) is claimed as a dependent on someone else's 2003 tax return, or (c) was a student (defined below).

You were a student if during any 5 months of 2003 you:

- Were enrolled as a full-time student at a school or
- Took a full-time, on-farm training course given by a school or a state, county, or local government agency.

A school includes technical, trade, and mechanical schools. It does not include on-the-job training courses, correspondence schools, or night schools.

For more details, use TeleTax topic 610 (see page 11) or see Form 8880.

### Line 45

#### Credit for Child and Dependent Care Expenses

You may be able to take this credit if you paid someone to care for your child under age 13 or your dependent on Form 1040, line 35, who could not care for himself or herself. For details, see TeleTax topic 602 (see page 11) or see Form 2441.

### Line 46

#### Credit for the Elderly or the Disabled

You may be able to take this credit if by the end of 2003 (a) you were age 65 or older, or (b) you retired on permanent and total disability and you had taxable disability income. But you usually cannot take the credit if the amount on Form 1040, line 35, is \$17,500 or more (\$20,000 or more if married filing jointly and only one spouse is eligible for the credit; \$25,000 or more if married filing jointly and both spouses are eligible; \$12,500 or more if married filing separately). See Schedule R and its instructions for details.

**Credit Figured by the IRS.** If you can take this credit and you want us to figure it for you, see the instructions for Schedule R.

### Line 47

#### Education Credits

If you (or your dependent) paid qualified expenses in 2003 for yourself, your spouse, or your dependent to enroll in or attend an eligible educational institution, you may be able to take an education credit. See Form 8863 for details. However, you cannot take an education credit if any of the following apply:

- You are claimed as a dependent on someone's (such as your parent's) 2003 tax return.
- Your filing status is married filing separately.
- The amount on Form 1040, line 35, is \$51,000 or more (\$103,000 or more if married filing jointly).
- You are taking a deduction for tuition and fees on Form 1040, line 26, for the same student.
- You (or your spouse) were a nonresident alien for any part of 2003 unless your filing status is married filing jointly.



Form 6251 should be filed in for a child who was under age 13 at the end of 2003 if the child's adjusted gross income from Form 1040, line 35, exceeds the child's earned income by more than \$5,000.

### Line 44

#### Foreign Tax Credit

If you paid income tax to a foreign country, you may be able to take this credit. Form 1116 to do so.

**Exception.** You do not have to complete Form 1116 to take this credit if all five of the following apply:

1. All of your gross foreign source income is from interest and dividends and all of that income and the foreign tax paid on it is reported to you on Form 1099-INT or Form 1099-DIV (or substitute statement).
2. If you have dividend income from shares of stock, you held those shares for at least 16 days.
3. You are not filing Form 4563 or excluding income from sources within Puerto Rico.
4. The total of your foreign taxes is not more than \$300 (not more than \$600 if married filing jointly).
5. All of your foreign taxes were:
  - Legally owed and not eligible for a refund and
  - Paid to countries that are recognized by the United States and do not support terrorism.

For more details on these requirements, see the instructions for Form 1116. Do you meet all five requirements above?

- Yes.** Enter on line 41 the smaller of your total foreign taxes or the amount on Form 1040, line 41.
- No.** See Form 1116 to find out if you can take the credit and, if you can, if you have to file Form 1116.



### Who Must Use Pub. 972

1. Are you excluding income from Puerto Rico or are you filing any of the following forms?
  - Form 2555 or 2555-EZ (relating to foreign earned income)
  - Form 4563 (exclusion of income for residents of American Samoa)

**No.** Continue

**Yes.** You must use Pub. 972 to figure your credit.
2. Is the amount on Form 1040, line 35, more than the amount shown below for your filing status?
  - Married filing jointly — \$110,000
  - Single, head of household, or qualifying widow(er) — \$75,000
  - Married filing separately — \$55,000

**No.** Continue

**Yes.** You must use Pub. 972 to figure your credit.

3. Are you claiming any of the following credits?
  - Adoption credit, Form 8839 (see the instructions for Form 1040, line 50, on page 42)
  - Mortgage interest credit, Form 8396 (see the instructions for Form 1040, line 51, on page 42)
  - Diana's of Columbia first-time homebuyer credit, Form 8859

**No.** Use the worksheet on page 41 to figure your child tax credit

**Yes.** You must use Pub. 972 to figure your child tax credit. You will also need the form(s) listed above for any credit(s) you are claiming.

Form 1040—Lines 50 Through 59

Form 1040—Line 49

Keep for Your Records

**Child Tax Credit Worksheet—Line 49**

**Before you begin:** If you received (before effect) an advance child tax credit payment, see **Advance Child Tax Credit Payment** on page 40.

- To be a qualifying child for the child tax credit, the child must be under age 17 at the end of 2003 and meet the other requirements listed on page 40.
- Do not use this worksheet if you answered "Yes" to question 1, 2, or 3 on page 40. Instead, use Pub. 972.



1. Number of qualifying children: _____	1
Enter the result: _____	1
2. Enter the amount, if any, of your advance child tax credit payment (before effect). For details, see page 40.	2
3. Is line 1 less than or equal to line 2?	3
<input type="checkbox"/> Yes. <b>TIP</b> You cannot take this credit. If line 2 is more than line 1, you do not have to pay back the difference.	
<input type="checkbox"/> No. Subtract line 2 from line 1.	
4. Enter the amount from Form 1040, line 43.	4
5. Enter the total of the amounts from Form 1040, lines 44 through 48.	5
6. Are the amounts on lines 4 and 5 the same?	6
<input type="checkbox"/> Yes. <b>TIP</b> You cannot take this credit because there is no tax to reduce. However, you may be able to take the additional child tax credit. See the <b>TIP</b> below.	
<input type="checkbox"/> No. Subtract line 5 from line 4.	
7. Is the amount on line 3 more than the amount on line 6?	7
<input type="checkbox"/> Yes. Enter the amount from line 6. Also, you may be able to take the additional child tax credit. See the <b>TIP</b> below.	
<input type="checkbox"/> No. Enter the amount from line 3.	

**TIP** You may be able to take the additional child tax credit on Form 1040, line 65, if you answered "Yes" on line 6 or line 7 above.

- First, complete your Form 1040 through line 64.
- Then, use Form 8812 to figure any additional child tax credit.



Need more information or forms? See page 7.

- Qualified zone academy bond credit. This credit applies only to S corporation shareholders. See Form 8869.

**Other Taxes**

**Line 56**

**Social Security and Medicare Tax on Tip Income Not Reported to Employer**

If you received tips of \$30 or more in any month and you did not report the full amount to your employer, you must pay the social security and Medicare or railroad retirement (RRITA) tax on the unreported tips. You must also pay this tax if your Form(s) W-2 shows allocated tips that you are including in your income on Form 1040, line 7.

To figure the tax, use Form 4137. To pay the RRITA tax, contact your employer. Your employer will figure and collect the tax.



You may be charged a penalty equal to 50% of the social security and Medicare tax due on tips you received but did not report to your employer.

**Line 57**

**Tax on Qualified Plans, Including IRAs, and Other Tax-Favored Accounts**

If any of the following apply, see Form 5329 and its instructions to find out if you owe this tax and if you must file Form 5329.

- You received any early distributions from (a) an IRA or other qualified retirement plan, (b) an annuity, or (c) a modified employment contract entered into after June 30, 1988.
- Excess contributions were made to your IRAs, Coverdell education savings accounts (ESAs), or Archer MSAs.
- You received taxable distributions from Coverdell ESAs or qualified tuition programs.
- You were born before July 1, 1952, and did not take the minimum required distribution from your IRA or other qualified retirement plan.

New York Liberty Zone business employee credit. See Form 8884.

- Nonconventional source fuel credit. If you sold fuel produced from a nonconventional source, see Internal Revenue Code section 29 to find out if you can take this credit. Attach a schedule showing how you figured the credit. Check box c and enter "FNS" on the line to the right of box c.

Need more information or forms? See page 7.

**Exception.** If only item 1 applies to you and distribution code 1 is correctly shown in box 7 of your Form 1099-R, you do not have to file Form 5329. Instead, multiply the taxable amount of the distribution by 10% (.10) and enter the result on line 57. The taxable amount of the distribution is the part of the distribution you reported on line 156 or line 166 of Form 1040 or on Form 4872. Also, put "no" under the heading "Other Taxes" in the left of line 57 to indicate that you do not have to file Form 5329. But if distribution code 1 is incorrectly shown in box 7 of Form 1099-R, you must file Form 5329.

**Line 58**

**Advance Earned Income Credit Payments**

Enter the total amount of advance earned income credit (EIC) payments you received. These payments are shown in box 9 of your Form(s) W-2.

**Line 59**

**Household Employment Taxes**

If any of the following apply, see Schedule H and its instructions to find out if you owe these taxes.

- You paid any one household employee (defined below) cash wages of \$1,400 or more in 2003. Cash wages include wages paid by checks, money orders, etc.
- You withheld Federal income tax during 2003 at the request of any household employee.
- You paid total cash wages of \$1,000 or more in any calendar quarter of 2002 or 2003 to household employees.



For item 1, do not count amounts paid to an employee who was under age 18 at any time in 2003 and was a student.

**Household Employee.** Any person who does household work in a household employee if you can control what will be done and how it will be done. Household work includes work done in or around your home by babysitters, nannies, health aides, maids, yard workers, and similar domestic workers.

Need more information or forms? See page 7.

Form 1040—Line 63

### Line 63 Earned Income Credit (EIC)

**What is the EIC?**  
The EIC is a credit for certain people who work. The credit may give you a refund even if you do not owe any tax.

**To Take the EIC:**

- Follow the steps below
- Complete the worksheet that applies to you or let the IRS figure the credit for you
- If you have a qualifying child, complete and attach Schedule EIC.



If you take the EIC even though you are not eligible and it is determined that your error is due to recklessness or intentional disregard of the EIC rules, you will not be allowed to take the credit for 2 years even if you are otherwise eligible to do so. If you fraudulently take the EIC, you will not be allowed to take the credit for 10 years. You may also have to pay penalties.

#### Step 1 All Filers

- If, in 2003:
  - 2 children lived with you, is the amount on Form 1040, line 35, less than \$33,692 (\$34,092 if married filing jointly)?
  - 1 child lived with you, is the amount on Form 1040, line 35, less than \$29,666 (\$30,666 if married filing jointly)?
  - No children lived with you, is the amount on Form 1040, line 35, less than \$11,250 (\$12,250 if married filing jointly)?

Yes. Continue  No. **63a** You cannot take the credit.

Do you, and your spouse if filing a joint return, have a social security number that allows you to work or is valid for EIC purposes (see page 47)?

Yes. Continue  No. **63b** You cannot take the credit. Put "No" on the dotted line next to line 63.

Is your filing status married filing separately?

Yes. **63c** You cannot take the credit.  No. Continue

Are you filing Form 2555 or 2555-EZ (relating to foreign earned income)?

Yes. **63d** You cannot take the credit.  No. Continue

Were you a nonresident alien for any part of 2003?

Yes. See Nonresident  No. Go to Step 2. *Aliens on page 47*

Need more information or forms? See page 7.

Form 1040—Lines 60 Through 62

**Line 60 Total Tax**  
should be shown in box 12 of your Form W-2 with code K. If you received a Form 1099-MISC, the tax is 20% of the EPP shown in box 13. Identify as "EPP."

**Tax on Accumulation Distributions of Trusts.** Enter the amount from Form 4979 and identify as "ADT."

### Payments

#### Line 61 Federal Income Tax Withheld

Add the amounts shown as Federal income tax withheld on your Forms W-2, W-2G, and 1099-R. Enter the total on line 61. The amount withheld should be shown in box 2 of Form W-2 or W-2G, and in box 4 of Form 1099-R. If line 61 includes amounts withheld as shown on Form 1099-R, attach the Form 1099-R to the front of your return.

If you received a 2003 Form 1099 showing Federal income tax withheld on dividend, interest income, unemployment compensation, social security benefits, or other income you received, include the amount withheld in the total on line 61. This should be shown in box 4 of the Form 1099 or box 6 of Form SSA-1099.

#### Line 62 2003 Estimated Tax Payments

Enter any estimated Federal income tax payments you made using Form 1040-ES

**Line 60 Total Tax**  
tax back in the total on line 60 any of the following taxes. To find out if you owe the tax, see the form or publication indicated. (On the dotted line next to line 60, enter the amount of the tax, and identify it as and cited.

**Recapture of the Following Credits.**  
• Investment credit (see Form 4255). Identify as "ICR."  
• Low income housing credit (see Form 8411). Identify as "LIHCR."  
• Qualified electric vehicle credit (see Pub 535). Identify as "QEVCR."  
• In-tax employment credit (see Form 8445). Identify as "ECCR."  
• New markets credit (see Form 8874). Identify as "NMCR."  
• Credit for employer-provided child care facilities (see Form 8882). Identify as "ECCFR."

**Recapture of Federal Mortgage Subsidy.** If you sold your home in 2003 and it was financed (in whole or in part) from the proceeds of any tax-exempt qualified mortgage bond or you claimed the mortgage interest credit, see Form 8828. Identify as "FMSR."

**Section 72(m)(5) Excess Benefits Tax.** (see Pub. 540). Identify as "Se. 72(m)(5)."

**Uncollected Social Security and Medicare or RRTA Tax on Top or Group-Term Life Insurance.** This tax should be shown in box 12 of your Form W-2 with codes A and B or M and N. Identify as "LT."

**Golden Parachute Payments.** If you received an excess parachute payment (EPP), you must pay a 20% tax on it. This tax

**Divorced Taxpayers**  
If you got divorced in 2003, and you made joint estimated tax payments with your former spouse, put your former spouse's SSN in the space provided on the front of Form 1040. If you were divorced and re-married in 2003, put your present spouse's SSN in the space provided on the front of Form 1040. Also, under the heading "Payments," to the left of line 62, put your former spouse's SSN, followed by "DIV."

**Name Change**  
If you changed your name because of marriage, divorce, etc., and you made estimated tax payments using your former name, attach a statement to the front of Form 1040. On the statement, explain all the payments you and your spouse made in 2003 and the names and SSN(s) under which you made them.

### Step 2 Investment Income

1. Add the amounts from Form 1040:

- Line 8a
- Line 8b
- Line 9a
- Line 13a\*

Investment Income =

\*Do not include if line 13a is a loss

2. Is your investment income more than \$2,600?  
 Yes. Continue  No. **Step question 2**, go to question 4

3. Are you filing Form 4797 (relating to sales of business property)?  
 Yes. See Form 4797  No. **63b** You cannot take the credit. *Files on page 46*

4. Do any of the following apply for 2003?  
• You are filing Schedule E.  
• You are reporting income or a loss from the rental of personal property not used in a trade or business.  
• You are reporting income on Form 1040, line 21, from Form 8814 (relating to election to report child's interest and dividends).  
 Yes. You must use Worksheet J in Pub 596 to see if you can take the credit. To get Pub. 596, see page 7.  
 No. Continue

5. Did a child live with you in 2003?  
 Yes. Go to Step 3  No. Go to Step 4 on page 45

Need more information or forms? See page 7.

Form 1040—Line 63

Continued from page 45

Step 5 Earned Income

1. Are you filing Schedule SE because you were a member of the clergy or you had church employee income of \$108.28 or more?
Yes, See Clergy or Church Employees, on page 49.
No, Continue

2. Figure earned income. Form 1040, line 7

Subtract, if included on line 7, any:
• Taxable scholarship or fellowship grant not reported on a Form W-2.

• Amount paid to an inmate in a penal institution for work (put "PRI" and the amount subtracted on the dotted line next to line 7 of Form 1040).

• Amount received as a pension or annuity from a nonqualified deferred compensation plan or a non-governmental section 457 plan (put "DFC" and the amount subtracted on the dotted line next to line 7 of Form 1040). This amount may be shown in box 11 of your Form W-2. If you received such an amount but box 11 is blank, contact your employer for the amount received as a pension or annuity.

Earned Income =

3. Were you self-employed, or are you filing Schedule SE because you were a member of the clergy or you had church employee income, or are you filing Schedule C or C-EZ as a statutory employee?
Yes, Skip question 4 and Step 6; go to Worksheet B on page 49.
No, Continue

4. If you have:
• 2 or more qualifying children, is your earned income less than \$33,692 (\$34,692 if married filing jointly)?
• 1 qualifying child, is your earned income less than \$5,966 (\$30,666 if married filing jointly)?
• No qualifying children, is your earned income less than \$11,230 (\$12,230 if married filing jointly)?
Yes, Go to Step 6.
No, Go to Step 7. You cannot take the credit.

Step 6 How To Figure the Credit

1. Do you want the IRS to figure the credit for you?
Yes, See Credit Figured by the IRS on this page.
No, Go to Worksheet A on page 48.

Form 1040—Line 63

3. Does the child meet the conditions to be a qualifying child of any other person (other than your spouse if filing a joint return) for 2003?
Yes, See Qualifying Child of Asteor Ther One Person on page 47.
No, This child is your qualifying child. The child must have a valid social security number as defined on page 47 unless the child was born and died in 2003. Skip Step 4, go to Step 5 on page 46.

Step 4 Filers Without a Qualifying Child

1. Look at the qualifying child conditions in Step 3. Could you, or your spouse if filing a joint return, be a qualifying child of another person in 2003?
Yes, You cannot take the credit. Put "No" on the dotted line next to line 63.
No, Continue

2. Can you, or your spouse if filing a joint return, be claimed as a dependent on someone else's 2003 tax return?
Yes, You cannot take the credit.
No, Continue

3. Were you, or your spouse if filing a joint return, at least age 25 but under age 65 at the end of 2003?
Yes, Continue
No, You cannot take the credit.

4. Was your home, and your spouse's if filing a joint return, in the United States for more than half of 2003? Members of the military stationed outside the United States, see page 47 before you answer.
Yes, Go to Step 5.
No, You cannot take the credit. Put "No" on the dotted line next to line 63.

Continued from page 44

Step 3 Qualifying Child

A qualifying child is a child who is your...
Son, daughter, adopted child, stepchild, or a descendant of any of them (for example, your grandchild)
or
Brother, sister, stepbrother, stepsister, or a descendant of any of them (for example, your niece or nephew), whom you cared for as you would your own child
or
Foster child (any child placed with you by an authorized placement agency whom you cared for as you would your own child)

AND

was at the end of 2003... Under age 19

or

Under age 24 and a student (see page 47)

or

Any age and permanently and totally disabled (see page 47)

AND

who...

Lived with you in the United States for more than half of 2003

If the child did not live with you for the required time, see Exception to "Time Lived With You" Condition on page 46.

Note: If the child was married, see page 47.

1. Look at the qualifying child conditions above. Could you, or your spouse if filing a joint return, be a qualifying child of another person in 2003?
Yes, You cannot take the credit. Put "No" on the dotted line next to line 63.
No, Continue

You cannot take the credit. Put "No" on the dotted line next to line 63.

2. Do you have at least one child who meets the above conditions to be your qualifying child?
Yes, Go to question 1.
No, Skip the next two questions; go to Step 4, question 2.

Definitions and Special Rules

(listed in alphabetical order)

Adopted Child. An adopted child is always treated as your own child. An adopted child includes a child placed with you by an authorized placement agency for legal adoption even if the adoption is not final. An authorized placement agency includes any person or court authorized by state law to place children for legal adoption.

Church Employees. Determine how much of the amount on Form 1040, line 7, was also reported on Schedule SE, line 5. Subtract that amount from the amount on Form 1040, line 7, and enter the result in the first space of Step 5, line 2. Be sure to answer "Yes" on line 3 of Step 5.

Clergy. The following instructions apply to ministers, members of religious orders who have not taken a vow of poverty, and Christian Science practitioners. If you are filing Schedule SE and the amount on line 7 of that schedule includes an amount that was also reported on Form 1040, line 7:

- 1. Put "Clergy" on the dotted line next to line 63 of Form 1040.
2. Determine how much of the amount on Form 1040, line 7, was also reported on Schedule SE, line 2.
3. Subtract that amount from the amount on Form 1040, line 7. Enter the result in the first space of Step 5, line 2.
4. Be sure to answer "Yes" on line 3 of Step 5.

Credit Figured by the IRS. To have the IRS figure the credit for you:

- 1. Put "EIC" on the dotted line next to line 63 of Form 1040.
2. If you have a qualifying child, complete and attach Schedule EIC. If your EIC for a year after 1996 was reduced or disallowed, see Form 8862, Who Must File below.

Exception to "Time Lived With You" Condition. A child is considered to have lived with you for all of 2003 if the child is born during 2003 and for more than half of 2003. Temporary absences such as for school, vacation, medical care, or in an institution, do not count as time lived at home. If your child is presumed to have been kidnapped by someone who is not a family member, see Pub 596 to find out if that child is a qualifying child for the EIC. To get Pub 596, see page 7. If you were in the military stationed outside the United States, see Members of the Military on page 47.

Form 4797 Filers. If the amount on Form 1040, line 13a, includes an amount from Form 4797, you must use Worksheet 1 in Pub. 596 to see if you can take the EIC. To get Pub. 596, see page 7. Otherwise, stop; you cannot take the EIC.

Form 8862, Who Must File. You must file Form 8862 if your EIC for a year after 1996 was reduced or disallowed for any reason other than a math or clerical error. Do not file Form 8862 if either of the following applies:

- After your EIC was reduced or disallowed in an earlier year (a) you filed Form 8862 for other documents and your EIC was then allowed and (b) your EIC has not been reduced or disallowed again for any reason other than a math or clerical error.
• You are taking the EIC without a qualifying child and the only reason your EIC was reduced or disallowed in the earlier year was because it was determined that a child listed on Schedule EIC was not your qualifying child.
Also, do not file Form 8862 or take the credit for 2 years if it was determined that your error was due to reckless or intentional disregard of the EIC rules (10 years if due to fraud).

(Continued on page 47)

**Married Child.** A child who was married at the end of 2003 is a qualifying child only if (a) you can claim him or her as your dependent on Form 1040, line 6, or (b) this child's other parent claims him or her as a dependent under the rules in Pub. 501 for children of divorced or separated parents.

**Members of the Military.** If you were on extended active duty outside the United States, your home is considered to be in the United States during that duty period. Extended active duty is military duty ordered for an indefinite period or for a period of more than 90 days. Once you began serving extended active duty, you are considered to be on extended active duty even if you serve fewer than 90 days.

**Nonresident Alien.** If your filing status is married filing jointly, go to Step 2 on page 44. Otherwise, stop; you cannot take the EIC.

**Permanently and Totally Disabled Child.** A child who cannot engage in any substantial gainful activity because of a physical or mental condition and a doctor has determined that this condition • Has lasted or can be expected to last continuously for at least a year or

• Can lead to death.

**Qualifying Child of More Than One Person.** If the child meets the conditions to be a qualifying child of more than one person, only one person can take the EIC based on that child. The other person(s) cannot take the EIC for people without a qualifying child, but may take the EIC based on a different qualifying child. If you and the other person(s) cannot agree who will take the EIC, then the following rules apply.

- If only one of the persons is the child's parent, the child will be treated as the qualifying child of the parent.
- If both persons are the child's parents, the child will be treated as the qualifying child of the parent with whom the child lived for the longer period of time during 2003. If the child lived with each parent for the same amount of time, the child will be treated as the qualifying child of the parent who had the higher adjusted gross income (AGI) for 2003.
- If none of the persons is the child's parent, the child will be treated as the qualifying child of the person who had the highest AGI for 2003.

The child must have a valid social security number as defined on this page unless the child was born and died in 2003. If you do not

have a qualifying child, stop; you cannot take the EIC. Put "No" on the dotted line next to line 63. If you have a qualifying child, stop Step 4, go to Step 5 on page 46.

**Example.** You and your 5-year-old daughter moved in with your mother in April 2003. You are not a qualifying child of your mother. Your daughter meets the conditions to be a qualifying child for both you and your mother. If you and your mother cannot agree on who will treat your daughter as a qualifying child, the rules above apply. Under these rules, you are entitled to treat your daughter as a qualifying child because you are the child's parent. Your mother would not be entitled to claim any EIC unless she has a different qualifying child.

**Social Security Number (SSN).** For purposes of taking the EIC, a valid SSN is a number issued by the Social Security Administration unless "Not Valid for Employment" is printed on the social security card and the number was issued solely to apply for or receive a Federally funded benefit.

To find out how to get an SSN, see page 19. If you will not have an SSN by April 15, 2004, see What if You Cannot File on Time? on page 15.

**Student.** A child who during any 5 months of 2003

- Was enrolled as a full time student at a school or
- Took a full time, on farm training course given by a school or a state, county, or local government agency

A school includes technical, trade, and mechanical schools. It does not include on the job training courses, correspondence schools, or night schools.

**Welfare Benefits, Effect of Credit on.** Any refund you receive as a result of taking the EIC will not be used to determine if you are eligible for the following programs or how much you can receive from them. But if the refund you receive because of the EIC is not spent within a certain period of time, it may count as an asset (or resource) and affect your eligibility.

- Temporary Assistance for Needy Families (TANF)
- Medicaid and supplemental security income (SSI)
- Food stamps and low income housing

### Worksheet A—Earned Income Credit (EIC)—Line 63

Keep for Your Records

**Before you begin:** ✓ Be sure you are using the correct worksheet. Do not use this worksheet if you were self-employed, or you are filing Schedule SE because you were a member of the clergy or you had church employee income, or you are filing Schedule C or C-EZ as a statutory employee. Instead, use Worksheet B that begins on page 49.

#### Part 1

1. Enter your earned income from Step 5 on page 46.

#### All Filers Using Worksheet A

2. Look up the amount on line 1 above in the EIC Table on pages 51–55 to find the credit. Be sure you use the correct column for your filing status and the number of children you have. Enter the credit here.

**STOP** You cannot take the credit. Put "No" on the dotted line next to line 63.

3. Enter the amount from Form 1040, line 15.

4. Are the amounts on lines 3 and 1 the same?

- Yes.** Skip line 5; enter the amount from line 2 on line 6.
- No.** Go to line 5.

5. If you have:

- No qualifying children, is the amount on line 3 less than \$6,250 (\$7,250 if married filing jointly)?
- 1 or more qualifying children, is the amount on line 3 less than \$13,750 (\$14,750 if married filing jointly)?

- Yes.** Leave line 5 blank; enter the amount from line 2 on line 6.
- No.** Look up the amount on line 3 in the EIC Table on pages 51–55 to find the credit. Be sure you use the correct column for your filing status and the number of children you have. Enter the credit here.

Look at the amounts on lines 5 and 2. Then, enter the smaller amount on line 6.

#### Part 3

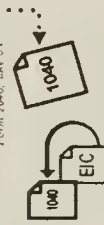
6. This is your earned income credit.

#### Your Earned Income Credit

#### Reminder—

✓ If you have a qualifying child, complete and attach Schedule EIC.

Enter the amount on Form 1040, line 61.



If your EIC for a year after 1996 was reduced or disallowed, see page 46 to find out if you must file Form 8862 to take the credit for 2003.



Worksheet B—Earned Income Credit (EIC)—Line 63

Keep for Your Records

Use this worksheet if you were self-employed, or you are filing Schedule SE because you were a member of the clergy or you had church employee income, or you are filing Schedule C or C-EZ as a statutory employee.

- Complete the parts below (Parts 1 through 3) that apply to you. Then, continue to Part 4. If you are married filing a joint return, include your spouse's amounts, if any, with yours to figure the amounts to enter in Parts 1 through 3.

Part 1

Self-Employed, Members of the Clergy, and People With Church Employee Income Filing Schedule SE

Form with lines 1a through 1e for calculating earned income. Includes instructions for each line.

Part 2

Self-Employed WOT Required To File Schedule SE

Form with lines 2a through 2c for self-employed WOT filers. Includes instructions for each line.

Part 3

Statutory Employees Filing Schedule C or C-EZ

Form with line 3 for statutory employees. Includes instructions.

Part 4

All Filers Using Worksheet B

Form with lines 4a through 4b for all filers. Includes instructions and a 'STOP' warning box.

Need more information or forms? See page 7.

Worksheet B—Continued from page 49

Keep for Your Records

Part 5

All Filers Using Worksheet B

Form with lines 6 through 9 for filers using Worksheet B. Includes instructions for each line.

Part 6

Filers Who Answered "No" on Line 9

Form with line 10 for filers who answered 'No' on line 9. Includes instructions.

Part 7

Your Earned Income Credit

Form with line 11 for calculating the earned income credit. Includes instructions, a 'Reminder' box, and a 'STOP' warning box.

Need more information or forms? See page 7.

2003 Earned Income Credit (EIC) Table

Caution. This is not a tax table.

To find your credit (step 2), then go to the column that shows the number of qualifying children and the amount you are working up from your EIC Worksheet...

Table with columns for 'If the amount you are looking up from the worksheet is...' and 'Your credit is...'. Rows range from \$1,000 to \$9,500.

Need more information or forms? See page 7.

2003 Earned Income Credit (EIC) Table—Continued

Caution. This is not a tax table.

Continuation of the 2003 EIC table, with columns for 'If the amount you are looking up from the worksheet is...' and 'Your credit is...'. Rows range from \$9,500 to \$14,000.

Need more information or forms? See page 7.

2003 Earned Income Credit (EIC) Table—Continued

Caution. This is not a tax table.

Continuation of the 2003 EIC table, with columns for 'If the amount you are looking up from the worksheet is...' and 'Your credit is...'. Rows range from \$14,000 to \$19,000.

Need more information or forms? See page 7.

2003 Earned Income Credit (EIC) Table—Continued (Caution. This is not a tax table)

Table with 10 columns: If the amount you are looking up from the worksheet is, And your filing status is, If the amount you are looking up from the worksheet is, And your filing status is, If the amount you are looking up from the worksheet is, And your filing status is. Rows include filing status (Single, Married, etc.) and income amounts (e.g., 14,650, 14,700, etc.).

(Continued on page 25)

2003 Earned Income Credit (EIC) Table—Continued (Caution. This is not a tax table)

Table with 10 columns: If the amount you are looking up from the worksheet is, And your filing status is, If the amount you are looking up from the worksheet is, And your filing status is, If the amount you are looking up from the worksheet is, And your filing status is. Rows include filing status (Single, Married, etc.) and income amounts (e.g., 14,750, 14,800, etc.).

(Continued on page 26)

Need more information or forms? See page 7.

Need more information or forms? See page 7.

Form 1040—Lines 64 Through 70d

2003 Earned Income Credit (EIC) Table—Continued

If the amount you are looking up from the worksheet is—			Add your filing status—			If the amount you are looking up from the worksheet is—			Add your filing status—				
Married	Single	Head of household	Married filing jointly	Single	Head of household	Married filing jointly	Single	Head of household	Married filing jointly	Single	Head of household		
At least \$10,000	At least \$10,000	At least \$10,000	At least \$10,000	At least \$10,000	At least \$10,000	At least \$10,000	At least \$10,000	At least \$10,000	At least \$10,000	At least \$10,000	At least \$10,000		
Your credit is—	Your credit is—	Your credit is—	Your credit is—	Your credit is—	Your credit is—	Your credit is—	Your credit is—	Your credit is—	Your credit is—	Your credit is—	Your credit is—		
0	0	0	0	0	0	0	0	0	0	0	0		
28,650	28,650	28,650	0	130	1,000	0	850	1,300	0	414	0	535	
28,650	28,650	28,650	0	137	1,000	0	842	1,292	0	404	0	514	
28,650	28,650	28,650	0	174	1,078	0	334	1,358	0	0	830	0	614
28,650	28,650	28,650	0	186	1,067	0	328	1,278	0	0	393	0	583
28,650	28,650	28,650	0	150	1,048	0	310	1,248	0	382	0	574	
28,650	28,650	28,650	0	134	1,025	0	294	1,225	0	341	0	551	
28,650	28,650	28,650	0	114	1,024	0	296	1,225	0	330	0	541	
28,650	28,650	28,650	0	118	1,034	0	278	1,215	0	319	0	530	
28,650	28,650	28,650	0	110	930	0	270	1,204	0	309	0	520	
28,650	28,650	28,650	0	102	983	0	289	1,193	0	289	0	509	
28,650	28,650	28,650	0	84	972	0	274	1,178	0	269	0	488	
28,150	28,200	28,200	0	78	971	0	258	1,163	0	257	0	477	
28,200	28,250	28,250	0	20	341	0	220	1,151	0	246	0	467	
28,200	28,250	28,250	0	63	330	0	222	1,141	0	246	0	456	
28,200	28,250	28,250	0	55	310	0	214	1,130	0	236	0	446	
28,200	28,250	28,250	0	47	304	0	206	1,120	0	225	0	436	
28,200	28,250	28,250	0	39	299	0	198	1,109	0	214	0	425	
28,200	28,250	28,250	0	31	198	0	180	1,089	0	204	0	414	
28,200	28,250	28,250	0	15	867	0	174	1,078	0	193	0	403	
28,200	28,250	28,250	0	15	867	0	196	1,067	0	172	0	393	
28,200	28,250	28,250	0	4	848	0	158	1,057	0	162	0	382	
28,700	28,750	28,750	0	0	835	0	150	1,048	0	151	0	374	
28,700	28,750	28,750	0	0	825	0	142	1,038	0	140	0	361	
28,700	28,750	28,750	0	0	816	0	134	1,028	0	130	0	351	
28,700	28,750	28,750	0	0	804	0	126	1,014	0	119	0	340	
28,700	28,750	28,750	0	0	793	0	118	1,004	0	108	0	330	
28,700	28,750	28,750	0	0	783	0	110	993	0	98	0	320	
28,700	28,750	28,750	0	0	772	0	102	983	0	88	0	298	
28,700	28,750	28,750	0	0	762	0	94	972	0	77	0	284	
28,700	28,750	28,750	0	0	741	0	86	962	0	67	0	267	
28,700	28,750	28,750	0	0	741	0	78	952	0	57	0	257	
28,700	28,750	28,750	0	0	730	0	70	941	0	47	0	252	
28,700	28,750	28,750	0	0	710	0	65	930	0	35	0	246	
28,700	28,750	28,750	0	0	709	0	55	920	0	25	0	235	
28,700	28,750	28,750	0	0	549	0	47	910	0	14	0	225	
28,700	28,750	28,750	0	0	488	0	39	899	0	0	0	214	
28,700	28,750	28,750	0	0	678	0	31	888	0	0	0	204	
28,700	28,750	28,750	0	0	658	0	23	878	0	0	0	194	
28,700	28,750	28,750	0	0	646	0	15	867	0	0	0	184	
28,700	28,750	28,750	0	0	635	0	7	846	0	0	0	174	
28,700	28,750	28,750	0	0	625	0	0	835	0	0	0	164	
28,700	28,750	28,750	0	0	614	0	0	825	0	0	0	154	
28,700	28,750	28,750	0	0	604	0	0	814	0	0	0	140	
28,700	28,750	28,750	0	0	593	0	0	804	0	0	0	130	
28,700	28,750	28,750	0	0	583	0	0	793	0	0	0	118	
28,700	28,750	28,750	0	0	572	0	0	783	0	0	0	68	
28,700	28,750	28,750	0	0	562	0	0	772	0	0	0	88	
28,700	28,750	28,750	0	0	551	0	0	762	0	0	0	77	
28,700	28,750	28,750	0	0	541	0	0	751	0	0	0	67	
28,700	28,750	28,750	0	0	530	0	0	741	0	0	0	56	
28,700	28,750	28,750	0	0	520	0	0	730	0	0	0	46	
28,700	28,750	28,750	0	0	494	0	0	705	0	0	0	35	
28,700	28,750	28,750	0	0	484	0	0	695	0	0	0	25	
28,700	28,750	28,750	0	0	477	0	0	684	0	0	0	14	
28,700	28,750	28,750	0	0	477	0	0	678	0	0	0	4	
28,700	28,750	28,750	0	0	467	0	0	668	0	0	0	0	
28,700	28,750	28,750	0	0	456	0	0	658	0	0	0	0	
28,700	28,750	28,750	0	0	445	0	0	648	0	0	0	0	
28,700	28,750	28,750	0	0	435	0	0	637	0	0	0	0	
28,700	28,750	28,750	0	0	425	0	0	627	0	0	0	0	
28,700	28,750	28,750	0	0	415	0	0	617	0	0	0	0	
28,700	28,750	28,750	0	0	405	0	0	607	0	0	0	0	
28,700	28,750	28,750	0	0	395	0	0	597	0	0	0	0	
28,700	28,750	28,750	0	0	385	0	0	587	0	0	0	0	

If the amount you are looking up from the worksheet is at least \$29,600, it means it means filing jointly, but less than \$29,600 if married filing jointly, your credit is 0. If the amount you are looking up from the worksheet is at least \$29,600, it means it means filing jointly, but less than \$29,600 if married filing jointly, your credit is 0. If the amount you are looking up from the worksheet is at least \$29,600, it means it means filing jointly, but less than \$29,600 if married filing jointly, your credit is 0. Otherwise, your credit is 0.

**Line 64**

**Excess Social Security and Tier 1 RRTA Tax Withheld**

If you, or your spouse, if filing a joint return, had more than one employer for 2003 and total wages of more than \$51,999, too much social security or tier 1 railroad retirement (RRTA) tax may have been withheld. You can take a credit on this line for the amount withheld in excess of \$5,394. But if any one employer withheld more than \$5,394, you must ask that employer to refund the excess to you. You cannot claim on your return. Figure this amount separately for you and your spouse.

**Line 65**

**Additional Child Tax Credit**

This credit is for certain people who have at least one qualifying child as defined in the instructions for line 49 on page 40. The additional child tax credit may give you a refund even if you do not owe any tax.

**Line 66**

**Amount Paid With Request for Extension To File**

If you filed Form 4868 to get an automatic extension of time to file Form 1040, or if any amount you paid with that form or by electronic funds withdrawal or credit card (if you paid by credit card, do not include on line 66 the convenience fee you were charged). Also, include any amounts paid with Form 2688 or 2550.

**Line 67**

**Other Payments**

Check the boxes on line 67 to report any credit from Form 2439, 4136, or 8885.

**Line 68**

**Refund**

Complete lines 70b through 70d if you want us to directly deposit the amount shown on line 70a into your checking or savings account at a bank or other financial institution (such as a mutual fund), broker or issuer of credit union) instead of sending you a check.

**Line 69**

**Amount Overpaid**

If line 69 is under \$1, we will send a refund only on written request.

If you want to check the status of your refund, please wait at least 6 weeks (3 weeks if you filed electronically) from the date you filed your return to do so. But if you filed Form 8379 with your return, allow 13 weeks (11 weeks if you filed electronically). See page 11 for details.

**Line 70**

**Other Payments**

Complete lines 70b through 70d if you want us to directly deposit the amount shown on line 70a into your checking or savings account at a bank or other financial institution (such as a mutual fund), broker or issuer of credit union) instead of sending you a check.

**Line 70b**

**Direct Deposit**

Simple Safe-Saver

Receive your refund in as few as 10 days with IRS e-file!

**Line 70c**

**Why Use Direct Deposit?**

- You get your refund fast—in half the time as paper filers if you e-file.
- Payment is more secure—there is no check to lost.
- More convenient. No trip to the bank to deposit your check.
- Saves tax dollars. A refund by direct deposit costs less than a check.

**Line 70d**

**Injured Spouse Claim**

If you file a joint return and your spouse has not paid due Federal tax, state income tax, child support, spousal support, or a Federal income debt, such as a student loan, part or all of the overpayment on line 69 may be used (offset) to pay the debt to the IRS. All other offsets are made by the IRS. All other offsets are made by the Treasury Department's Financial Management Service (FMS). You will receive a notice from FMS showing the amount of the offset and the agency receiving it. To find out if you may have an offset or if you have any questions about it, contact the agency(ies) you owe the debt to.

**Line 70e**

**Refund Offset**

If you owe past due Federal tax, state income tax, child support, spousal support, or certain Federal non-tax debts, such as student loans, all or part of the overpayment on line 69 may be used (offset) to pay the past-due amount. Offsets for Federal taxes are made by the IRS. All other offsets are made by the Treasury Department's Financial Management Service (FMS). You will receive a notice from FMS showing the amount of the offset and the agency receiving it. To find out if you may have an offset or if you have any questions about it, contact the agency(ies) you owe the debt to.

**Line 70f**

**Injured Spouse Claim**

If you file a joint return and your spouse has not paid due Federal tax, state income tax, child support, spousal support, or a Federal income debt, such as a student loan, part or all of the overpayment on line 69 may be used (offset) to pay the past-due amount. Offsets for Federal taxes are made by the IRS. All other offsets are made by the Treasury Department's Financial Management Service (FMS). You will receive a notice from FMS showing the amount of the offset and the agency receiving it. To find out if you may have an offset or if you have any questions about it, contact the agency(ies) you owe the debt to.

**Line 70b**

**Direct Deposit**

Simple Safe-Saver

**Line 70c**

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**Line 70d**

**Injured Spouse Claim**

If you file a joint return and your spouse has not paid due Federal tax, state income tax, child support, spousal support, or a Federal income debt, such as a student loan, part or all of the overpayment on line 69 may be used (offset) to pay the past-due amount. Offsets for Federal taxes are made by the IRS. All other offsets are made by the Treasury Department's Financial Management Service (FMS). You will receive a notice from FMS showing the amount of the offset and the agency receiving it. To find out if you may have an offset or if you have any questions about it, contact the agency(ies) you owe the debt to.

**Line 70e**

**Refund Offset**

If you owe past due Federal tax, state income tax, child support, spousal support, or certain Federal non-tax debts, such as student loans, all or part of the overpayment on line 69 may be used (offset) to pay the past-due amount. Offsets for Federal taxes are made by the IRS. All other offsets are made by the Treasury Department's Financial Management Service (FMS). You will receive a notice from FMS showing the amount of the offset and the agency receiving it. To find out if you may have an offset or if you have any questions about it, contact the agency(ies) you owe the debt to.

**Line 70f**

**Injured Spouse Claim**

If you file a joint return and your spouse has not paid due Federal tax, state income tax, child support, spousal support, or a Federal income debt, such as a student loan, part or all of the overpayment on line 69 may be used (offset) to pay the past-due amount. Offsets for Federal taxes are made by the IRS. All other offsets are made by the Treasury Department's Financial Management Service (FMS). You will receive a notice from FMS showing the amount of the offset and the agency receiving it. To find out if you may have an offset or if you have any questions about it, contact the agency(ies) you owe the debt to.

**Line 70g**

**Refund Offset**

If you owe past due Federal tax, state income tax, child support, spousal support, or certain Federal non-tax debts, such as student loans, all or part of the overpayment on line 69 may be used (offset) to pay the past-due amount. Offsets for Federal taxes are made by the IRS. All other offsets are made by the Treasury Department's Financial Management Service (FMS). You will receive a notice from FMS showing the amount of the offset and the agency receiving it. To find out if you may have an offset or if you have any questions about it, contact the agency(ies) you owe the debt to.

**Line 70h**

**Injured Spouse Claim**

If you file a joint return and your spouse has not paid due Federal tax, state income tax, child support, spousal support, or a Federal income debt, such as a student loan, part or all of the overpayment on line 69 may be used (offset) to pay the past-due amount. Offsets for Federal taxes are made by the IRS. All other offsets are made by the Treasury Department's Financial Management Service (FMS). You will receive a notice from FMS showing the amount of the offset and the agency receiving it. To find out if you may have an offset or if you have any questions about it, contact the agency(ies) you owe the debt to.

**Line 70i**

**Refund Offset**

If you owe past due Federal tax, state income tax, child support, spousal support, or certain Federal non-tax debts

**Form 1040—Lines 70b Through 72**

**To Pay by Credit Card.** You may use your American Express® Card, Discover® Card, MasterCard® card, or Visa® card. To pay by credit card, call toll free or visit the website of either service provider listed below and follow the instructions. A convenience fee will be charged by the service provider based on the amount you are paying. Fees may vary between the providers. You will be told what the fee is during the transaction and you will have the option to either continue or cancel the transaction. You can also find out what the fee will be by calling the provider's toll free automated customer service number or visiting the provider's website shown below. If you pay by credit card before filing your return, please enter on page 1 of Form 1040 in the upper left corner the confirmation number you were given at the end of the transaction and the amount you charged (not including the convenience fee).

**Line 72**

**Amount You Owe**

You do not have to pay if line 72 is under \$1



Include any estimated tax penalty from line 73 in the amount you enter on line 72.

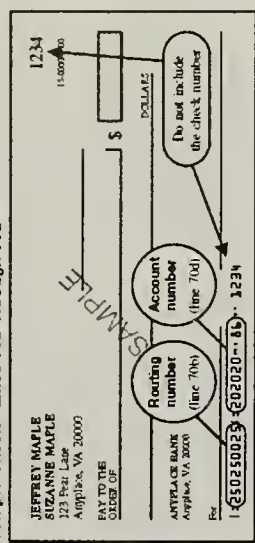
You can pay by check, money order, or credit card. Do not include any estimated tax payment for 2004 in your check, money order, or amount you charge. Instead, make the estimated tax payment separately.

**To Pay by Check or Money Order.** Make your check or money order payable to the "United States Treasury" for the full amount due. Do not send cash. Do not attach the payment to your return. Write "2003 Form 1040" and your name, address, daytime phone number, and social security number (SSN) on your payment. If you are filing a joint return, enter the SSN shown first on your tax return.

To help process your payment, enter the amount on the right side of the check like this: \$XXX.XX. Do not use dashes or lines (for example, do not enter "\$XXX" or "\$XXX<sup>00/100</sup>").

Then, please complete Form 1040-V following the instructions on that form and enclose it in the envelope with your tax return and payment. Although you do not have to use Form 1040-V, doing so allows us to process your payment more accurately and efficiently.

**Sample Check—Lines 70b Through 70d**



Note: The routing and account numbers may be in different places on your check.

hyphens but omit spaces and special symbols. Enter the number from left to right and leave any unused boxes blank. On the sample check below, the account number is 20202086. Be sure not to include the check number.



Some financial institutions will not allow a joint refund to be deposited into an individual account. If the direct deposit is rejected, a check will be sent instead. The IRS is not responsible if a financial institution rejects a direct deposit.

**Line 71**

**Applied to Your 2004 Estimated Tax**

Enter on line 71 the amount, if any, of the overpayment on line 69 you want applied to your 2004 estimated tax. We will apply this amount to your account unless you attach a statement requesting us to apply it to your spouse's account. Include your spouse's social security number in the attached statement.



This election to apply part or all of the amount overpaid to your 2004 estimated tax cannot be changed later.

**Amount You Owe**

IRS e-file offers an additional payment option. Electronic Funds Withdrawal. This option allows you to file your return early and schedule your payment for withdrawal from your checking or savings account on a future date up to and including April 15, 2004. IRS e-file also provides proof of return and payment.

**Form 1040—Line 73**

**Line 73**

**Estimated Tax Penalty**

You may owe this penalty if:

- Line 72 is at least \$1,000 and it is more than 10% of the tax shown on your return or
- You did not pay enough estimated tax by any of the due dates. This is true even if you are due a refund.

For most people, the tax shown on your return is the amount on line 69 minus the total of any amounts shown on lines 63 and 65 and Forms 8828, 4137, 4138, 5329 (part III, V, VI, and VII only), and 8885. When figuring the amount on line 69, include the amount on line 59 only if line 61 is more than zero or you would owe the penalty even if you did not include these taxes. But if you entered an amount on Schedule H, line 7, include the total of that amount plus the amount on Form 1040, line 59.

Exception. You will not owe the penalty if your 2002 tax return was for a tax year of 12 full months and either of the following applies:

1. You had no tax liability for 2002 and you were a U.S. citizen or resident for all of 2002 or
2. The total of lines 61, 62, and 64 on your 2003 return is at least as much as the tax liability shown on your 2002 return. Your estimated tax payments for 2003 must have been made on time and for the required amount.



If your 2002 adjusted gross income was over \$150,000 (over \$75,000 if your 2003 filing status is married filing separately), item 2 above applies only if the total of lines 61, 62, and 64 on your 2003 return is at least 110% of the tax liability shown on your 2002 return. This rule does not apply to farmers and fishermen.

**Figuring the Penalty**

If the Exception above does not apply and you choose to figure the penalty yourself, see Form 2210 for 2010-P for farmers and fishermen to find out if you owe the penalty. If you do, you can use the form to figure the amount.

Enter the penalty on line 73. Add the penalty to any tax due and enter the total on line 72. If you are due a refund, subtract the penalty from the overpayment you show on line 69. Do not file Form 2210 with your return unless Form 2210 indicates that you must do so. Instead, keep it for your records.

Need more information or forms? See page 7.

**TIP**

Because Form 2210 is completed, if you want to, you can leave line 73 blank and the IRS will figure the penalty and send you a bill. We will not charge you interest on the penalty if you pay by the date specified on the bill. If your income varied during the year, the annualized income installment method may reduce the amount of your penalty. But you must file Form 2210 because the IRS cannot figure your penalty under this method. See the instructions for Form 2210 for other situations in which you may be able to lower your penalty by filing Form 2210.

**Third Party Designee**

If you want to allow a friend, family member, or any other person you choose to discuss your 2003 tax return with the IRS, check the "Yes" box in the "Third Party Designee" area of your return. Also, enter the designee's name, phone number, and six or less personal identification numbers (PIN). But if you want to allow the preparer who signed your return to discuss it with the IRS, just enter "Preparer" in the space for the designee's name. You do not have to provide the other information requested.

If you check the "Yes" box, you, and your spouse (if filing a joint return, are authorizing the IRS to call the designee to answer any questions that may arise during the processing of your return. You are also authorizing the designee to:

- Give the IRS any information that is missing from your return.
- Call the IRS for information about the processing of your return or the status of your refund or payments(s).
- Receive copies of notices or transcripts related to your return, upon request, and
- Respond to certain IRS notices about math errors, offsets, and return preparer.

You are not authorizing the designee to receive any refund check, fund you to anything (including any additional tax liability) or otherwise represent you before the IRS. If you want to expand the designee's authorization, see Pub. 947.

The authorization will automatically end no later than the due date (without regard to extensions) for filing your 2004 tax return. This is April 15, 2005, for most people. If you wish to revoke the authorization before it ends, see Pub. 947.

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**Sign Your Return**

Form 1040 is not considered a valid return unless you sign it. If you are filing a joint return, your spouse must also sign. If your spouse cannot sign the return, see Pub. 501. Be sure to date your return and enter your occupation(s), if you have someone prepare your return, you are self-employed for the correctness of the return. If you are filing a joint return as a surviving spouse, see **Death of a Taxpayer** on page 61.

**Child's Return**

If your child cannot sign the return, either parent may sign the child's name in the space provided. Then, add "By (your signature), parent for minor child."

**Daytime Phone Number**

Providing your daytime phone number may help speed the processing of your return. We may have questions about items on your return, such as the earned income credit, credit for child and dependent care expenses, etc. By answering our questions over the phone, we may be able to continue processing your return without mailing you a letter. If you are filing a joint return, you may enter either your or your spouse's daytime phone number.

**Paid Preparer Must Sign Your Return**

Generally, anyone you pay to prepare your return must sign it in the space provided. The preparer must give you a copy of the return for your records. Someone who prepares your return but does not charge you should not sign your return.



**Electronic Return Signatures!**

Create your own personal identification number (PIN) and file a paperless return electronically or use a tax professional. If you are married filing jointly, you and your spouse will each need to create a PIN and enter these PINs as your electronic signature.

A PIN is any combination of five numbers you choose except five zeros. If you use a PIN, there is nothing to sign and nothing to mail—even your Forms W-2. For more details on the Self-Select PIN method, visit [www.irs.gov/efile](http://www.irs.gov/efile) and click on "IRS e-file for Individual Taxpayers."

To verify your identity, you will be prompted to enter your adjusted gross income (AGI) from your originally filed 2002 Federal income tax return, if applicable. Do not use your AGI from an amended return (Form 1040X). AGI is the amount shown on your 2002 Form 1040, line 35.

Need more information or forms? See page 7.

Form 1040-A, line 21, Form 1040EZ, line 4, or on the TeleFile Tax Record, line 1. If you do not have your 2001 income tax return, call the IRS at 1-800-829-1040 to get a free transcript of your account. You will also be prompted to enter your date of birth (DOB). Make sure your DOB is accurate and matches the information on record with the Social Security Administration by checking your annual Social Security Statement.



You cannot sign your return electronically if you are under age 16 at the end of 2001 or if you are

filing Form 3115, 3148 (if attachments are required), 5713, 6250 (if Section B is completed), 8332, or 8885.

If you use a paid preparer, ask to sign your return electronically!

### Assemble Your Return

Assemble any schedules and forms behind Form 1040 in order of the "Attachment Se-

quence No." shown in the upper right corner of the schedule or form. If you have supporting statements, arrange them in the same order as the schedules at forms they support and attach them last. Do not attach correspondence or other items unless required to do so. Attach a copy of Forms W-2, W-3G, and 2419 to the front of Form 1040. Also attach Form(s) 1099-R to the front of Form 1040 if tax was withheld.

## General Information

### How To Avoid Common Mistakes

Mistakes may delay your refund or result in mistakes being sent to you.

1. Make sure you entered the correct name and Social Security number (SSN) for each dependent you claim on line 6c. Check that each dependent's name and SSN agrees with his or her social security card. Also, make sure you check the box in column (d) of line 6c for each dependent under age 17 who is also a qualifying child for the child tax credit.
2. Check your math, especially for the child tax credit, earned income credit (EIC), taxable social security benefits, total income, itemized deductions or standard deduction, deduction for exemptions, taxable income, total tax, Federal income tax withheld, and refund or amount you owe.
3. If you are taking the child tax credit or additional child tax credit, make sure you entered any advance child tax credit payment you received (see instructions on page 500) correctly on the Child Tax Credit Worksheet. Do not enter your advance payment anywhere on your tax return.
4. Be sure you use the correct method to figure your tax. See the instructions for line 41 that began on page 36.
5. Be sure to enter your SSN in the space provided on page 1 of Form 1040. If you are married filing a joint or separate return, also enter your spouse's SSN. Be sure to enter your SSN in the space next to your name. Check that your SSN agrees with your social security card.
6. Make sure your name and address are correct on the peel-off label. If not, enter the correct information. If you did not get a peel-off label, enter your (and your spouse's) name in the same order as shown on your last return. Check that your name agrees with your social security card.
7. If you are taking the standard deduction and you checked any box on line 36a or 36b or you (or your spouse if filing jointly) can be claimed as a dependent on someone else's 2001 return, see page 34 to be sure you entered the correct amount on line 37.
8. If you received capital gain distributions, be sure to enter them on line 9b. See page 13 to make sure you checked the box on line 13a. Also make sure you entered any post-May 5 capital gain distributions on line 13b.
9. If you are taking the EIC, be sure you used the correct column of the EIC Table for your filing status and the number of children you have.
10. Remember to sign and date Form 1040 and enter your occupation(s).
11. Attach your Form(s) W-2 and other required forms and schedules. Put all forms and schedules in the proper order. See Assemble Your Return on page 59.

Need more information on forms? See page 7.

12. If you owe tax and are paying by check or money order, be sure to include all the required information on your payment. See the instructions for line 72 on page 51 for details.

### What Are Your Rights as a Taxpayer?

You have the right to be treated fairly, professionally, promptly, and consistently by IRS employees. You also have the right to the highest confidence in the integrity, efficiency, and fairness of our tax system. To ensure that you always receive such treatment, you should know about the many rights you have at each step of the tax process. For details, see Pub. 1.

### Innocent Spouse Relief

You may qualify for relief from liability for tax on a joint return if you can prove a statement of tax because your spouse committed income or claimed false deductions or credits, (b) you are divorced, separated, or no longer living with your spouse, or (c) given all the facts and circumstances, it would not be fair to hold you liable for the tax. See Form 8857 or Pub. 971 for more details.

### Income Tax Withholding and Estimated Tax Payments for 2004

If the amount you owe or the amount you overpaid is large, you may want to file a new Form W-4 with your employer to change the amount of income tax withheld from your 2004 pay. For details on how to complete Form W-4, see Pub. 919.

In general, you do not have to make estimated tax payments if you expect that your 2004 Form 1040 will show a tax refund or a tax balance due the IRS of less than \$1,000. If your total estimated tax (including any household employment taxes) is at least \$1,000, you must file Form 1040-ES. It has a worksheet you can use to see if you have to make estimated tax payments. For more details, see Pub. 506.

### Do Both the Name and SSN on Your Tax Forms Agree With Your Social Security Card?

If not, certain deductions and credits may be reduced or disallowed, your refund may

be delayed, and you may not receive credit for your social security earnings. If your Form W-2, Form 1099, or other tax document shows an incorrect SSN on name, identify your employer or the form issuing agent as soon as possible to make sure your earnings are credited to your social security record. If the name or SSN on your social security card is incorrect, call the Social Security Administration at 1-800-772-1213.

### How Do You Make a Gift To Reduce the Public Debt?

If you wish to do so, make a check payable to "Bureau of the Public Debt." You can send it to: Bureau of the Public Debt, Department G, P.O. Box 2188, Parkersburg, WV 26106-2188. Or you can enclose the check with your income tax return when you file. Do not add your gift to any tax you may owe. See page 57 for details on how to pay any tax you owe.



You may be able to deduct a gift on your 2004 tax return.

### Address Change

If you move after you file, always notify the IRS of your new address. To do this, use Form 8872.

### How Long Should Records Be Kept?

Keep a copy of your tax return, worksheets you used, and records of all forms appearing on it (such as Forms W-2 and 1099) until the statute of limitations runs out for that return. Usually, this is 3 years from the date the return was due or filed, or 2 years from the date the tax was paid, whichever is later. You should keep some records longer. For example, keep property records (including those on your home) as long as they are needed to figure the basis of the original or replacement property. For more details, see Pub. 552.

### Amended Return

File Form 1040X to change a return you already filed. Generally, Form 1040X must be filed within 3 years after the date you filed your return or 2 years after the date the tax was paid, whichever is later. But you may have more time to file Form 1040X if you are physically or mentally unable to manage your financial affairs. See Pub. 556 for details.

**Need a Copy of Your Tax Return?**

If you need a copy of your tax return, use Form 4506. If you want a free printed copy of your account, call us. See page 13 for the number.

**Death of a Taxpayer**

If a taxpayer died before filing a return for 2003, the taxpayer's spouse or personal representative may have to file and sign a return for that taxpayer. A personal representative can be an executor, administrator, or anyone who is in charge of the decedent taxpayer's property. If the deceased taxpayer didn't have to file a return but had a refund, the return you file for the return must enter "DECEASED" in the deceased taxpayer's name, and the date of death across the top of the return. If this information is not provided, it may delay the processing of the return.

If your spouse died in 2003 and you did not file a 2003, or if you previously filed in 2004, you may file a 2003 return that can file a joint return. A joint return should show your spouse's 2003 income before death and your income for all of 2003. Enter "Filing as surviving spouse" in the area where you sign the return. If someone else is the personal representative, he or she must also sign.

The surviving spouse or personal representative should correctly identify all sources of income, including financial institutions of the taxpayer's death. This will ensure the proper reporting of income earned by the taxpayer's estate or heir. A deceased taxpayer's social security number should not be used for tax years after the year of death, except for estate tax return purposes.

**Claiming a Refund for a Deceased Taxpayer**

If you are filing a joint return as a surviving spouse, you only need to file the tax return to claim the refund. If you are a court-appointed representative, file the return and attach a copy of the certificate that shows your appointment. All other filers requesting the deceased taxpayer's refund must file the return and attach Form 1310 (see page 11) or see Pub. 559.

**Parent of a Kidnapped Child**

The parent of a child who is presumed by law to be someone who has been kidnapped by someone who is not a family member may be able to take the child into account in determining his or her eligibility for the head of household or qualifying widow(er) filing status, deduction for dependents, child tax credit, and the earned income credit (EIC). For details, see Publication 591 (Pub. 596 for the EIC).

**Other Ways To Get Help**

**Send or Email Your Written Tax Questions to the IRS**  
You should get an answer in about 30 days. If you do not have the mailing address, call us. See page 13 for the number. By email, your questions go through the IRS website, and you get answers faster. See the Law Questions. Do not send questions with your return.

**Free Help With Your Return**

Free help in preparing your return is available nationwide from IRS-trained volunteers. The Volunteer Income Tax Assistance (VITA) program is designed to help low-income taxpayers and the Tax Counseling for the Elderly (TCE) program is designed to assist taxpayers age 65 and older with their taxes. See us at any of our other free electronic filing and all volunteer will let you know about the credits and deductions you may be entitled to claim. For details, call us. See page 13 for the number. If you received a federal income tax package in the mail, take it with you when you go for help. Also take a copy of your 2002 tax return (if available), all other information about your 2003 income and expenses, and the social security number for individual taxpayer identification numbers for your dependents. See our website at [www.irs.gov](http://www.irs.gov) or call 1-800-277-6649.

**Everyday Tax Solutions**

You can get face-to-face help solving tax problems every business day in IRS Taxpayer Assistance Centers. An employee can explain IRS letters, request adjustments to your account, or help you set up a payment plan. Call your local Taxpayer Assistance Center for the location. To find the number, go to [www.irs.gov](http://www.irs.gov) or look in the phone book under "United States Government, Internal Revenue Service."

**Online Services**

If you subscribe to an online service, ask about online filing or tax information.

**Large-Print Forms and Instructions**

Pub. 1614 has large-print copies of Form 1040, Schedules A, B, D, E, EIC, and R, and Forms 1040-V and 8812, and their instructions. You can use the large-print forms and schedules as worksheets to figure your tax, but you cannot file them. You can get Pub. 1614 by phone or mail. See pages 7 and 75.

**Help for People With Disabilities**

Telephone help is available using TTY/TDD equipment. See page 13 for the number.

**2003 Tax Table**

Use this table to find your tax rate. Example: Mr. and Mrs. Brown are filing a joint return. Their taxable income is \$100,000. Find \$100,000 in the left column, then the column for married filing jointly, and read down the status column to find \$10,000. This is the tax amount they should enter on line 41 of their Form 1040.

If filing (taxable income) is—		And you are—		If filing (taxable income) is—		And you are—		If filing (taxable income) is—		And you are—	
At least	But less than	Single	Married (jointly)	At least	But less than	Single	Married (jointly)	At least	But less than	Single	Married (jointly)
0	6	0	0	0	0	0	0	0	0	0	0
6	16	0	1	1,326	1,326	131	131	2,100	2,100	271	271
16	26	2	2	1,326	1,376	134	134	2,176	2,176	274	274
26	60	4	4	1,376	1,400	135	135	2,176	2,176	279	279
60	100	6	6	1,400	1,426	141	141	2,200	2,200	281	281
100	150	9	9	1,426	1,444	144	144	2,200	2,200	284	284
150	200	11	11	1,444	1,475	146	146	2,276	2,276	286	286
200	250	14	14	1,475	1,500	149	149	2,276	2,276	289	289
250	300	16	16	1,500	1,526	151	151	2,326	2,326	291	291
300	350	19	19	1,526	1,560	154	154	2,376	2,376	294	294
350	400	21	21	1,560	1,600	159	159	2,426	2,426	299	299
400	450	24	24	1,600	1,626	161	161	2,426	2,426	302	302
450	500	27	27	1,626	1,660	166	166	2,476	2,476	306	306
500	550	30	30	1,660	1,676	169	169	2,476	2,476	309	309
550	600	34	34	1,676	1,700	171	171	2,500	2,500	311	311
600	650	36	36	1,700	1,726	174	174	2,500	2,500	314	314
650	700	38	38	1,726	1,744	176	176	2,500	2,500	316	316
700	750	41	41	1,744	1,776	179	179	2,576	2,576	318	318
750	800	44	44	1,776	1,800	181	181	2,576	2,576	323	323
800	850	46	46	1,800	1,826	184	184	2,600	2,600	325	325
850	900	49	49	1,826	1,860	186	186	2,600	2,600	328	328
900	950	51	51	1,860	1,876	188	188	2,600	2,600	333	333
950	1,000	54	54	1,876	1,900	189	189	2,600	2,600	338	338
1,000	1,050	56	56	1,900	1,926	191	191	2,600	2,600	343	343
1,050	1,100	58	58	1,926	1,950	193	193	2,600	2,600	348	348
1,100	1,150	59	59	1,950	1,976	196	196	2,600	2,600	353	353
1,150	1,200	61	61	1,976	2,000	199	199	2,600	2,600	358	358
1,200	1,250	63	63	2,000	2,026	201	201	2,600	2,600	363	363
1,250	1,300	64	64	2,026	2,060	204	204	2,600	2,600	368	368
1,300	1,350	65	65	2,060	2,076	206	206	2,600	2,600	373	373
1,350	1,400	66	66	2,076	2,100	209	209	2,600	2,600	378	378
1,400	1,450	67	67	2,100	2,126	211	211	2,600	2,600	383	383
1,450	1,500	68	68	2,126	2,160	214	214	2,600	2,600	388	388
1,500	1,550	69	69	2,160	2,176	216	216	2,600	2,600	393	393
1,550	1,600	70	70	2,176	2,200	219	219	2,600	2,600	398	398
1,600	1,650	71	71	2,200	2,226	221	221	2,600	2,600	403	403
1,650	1,700	72	72	2,226	2,260	224	224	2,600	2,600	408	408
1,700	1,750	73	73	2,260	2,276	226	226	2,600	2,600	413	413
1,750	1,800	74	74	2,276	2,300	229	229	2,600	2,600	418	418
1,800	1,850	75	75	2,300	2,326	231	231	2,600	2,600	423	423
1,850	1,900	76	76	2,326	2,360	234	234	2,600	2,600	428	428
1,900	1,950	77	77	2,360	2,376	236	236	2,600	2,600	433	433
1,950	2,000	78	78	2,376	2,400	239	239	2,600	2,600	438	438
2,000	2,050	79	79	2,400	2,426	241	241	2,600	2,600	443	443
2,050	2,100	80	80	2,426	2,460	244	244	2,600	2,600	448	448
2,100	2,150	81	81	2,460	2,476	246	246	2,600	2,600	453	453
2,150	2,200	82	82	2,476	2,500	249	249	2,600	2,600	458	458
2,200	2,250	83	83	2,500	2,526	251	251	2,600	2,600	463	463
2,250	2,300	84	84	2,526	2,560	254	254	2,600	2,600	468	468
2,300	2,350	85	85	2,560	2,576	256	256	2,600	2,600	473	473
2,350	2,400	86	86	2,576	2,600	259	259	2,600	2,600	478	478
2,400	2,450	87	87	2,600	2,626	261	261	2,600	2,600	483	483
2,450	2,500	88	88	2,626	2,660	264	264	2,600	2,600	488	488
2,500	2,550	89	89	2,660	2,676	266	266	2,600	2,600	493	493
2,550	2,600	90	90	2,676	2,700	269	269	2,600	2,600	498	498
2,600	2,650	91	91	2,700	2,726	271	271	2,600	2,600	503	503
2,650	2,700	92	92	2,726	2,760	274	274	2,600	2,600	508	508
2,700	2,750	93	93	2,760	2,776	276	276	2,600	2,600	513	513
2,750	2,800	94	94	2,776	2,800	279	279	2,600	2,600	518	518
2,800	2,850	95	95	2,800	2,826	281	281	2,600	2,600	523	523
2,850	2,900	96	96	2,826	2,860	284	284	2,600	2,600	528	528
2,900	2,950	97	97	2,860	2,876	286	286	2,600	2,600	533	533
2,950	3,000	98	98	2,876	2,900	289	289	2,600	2,600	538	538
3,000	3,050	99	99	2,900	2,926	291	291	2,600	2,600	543	543
3,050	3,100	100	100	2,926	2,960	294	294	2,600	2,600	548	548
3,100	3,150	101	101	2,960	2,976	296	296	2,600	2,600	553	553
3,150	3,200	102	102	2,976	3,000	299	299	2,600	2,600	558	558
3,200	3,250	103	103	3,000	3,026	301	301	2,600	2,600	563	563
3,250	3,300	104	104	3,026	3,060	304	304	2,600	2,600	568	568
3,300	3,350	105	105	3,060	3,076	306	306	2,600	2,600	573	573
3,350	3,400	106	106	3,076	3,100	309	309	2,600	2,600	578	578
3,400	3,450	107	107	3,100	3,126	311	311	2,600	2,600	583	583
3,450	3,500	108	108	3,126	3,160	314	314	2,600	2,600	588	588
3,500	3,550	109	109	3,160	3,176	316	316	2,600	2,600	593	593
3,550	3,600	110	110	3,176	3,200	319	319	2,600	2,600	598	598
3,600	3,650	111	111	3,200	3,226	321	321	2,600	2,600	603	603
3,650	3,700	112	112	3,226	3,260	324	324	2,600	2,600	608	608
3,700	3,750	113	113	3,260	3,276	326	326	2,600	2,600	613	613
3,750	3,800	114	114	3,276	3,300	329	329	2,600	2,600	618	618
3,800	3,850	115	115	3,300	3,326	331	331	2,600	2,600	623	623
3,850	3										

2003 Tax Table—Continued

Table with columns for taxable income ranges (14,000 to 21,000), marital status (Single, Married, Head of household), and corresponding tax amounts. Includes a note: 'This column must also be used by a qualifying widow(er)'.

2003 Tax Table—Continued

Table with columns for taxable income ranges (5,000 to 13,000), marital status (Single, Married, Head of household), and corresponding tax amounts. Includes a note: 'This column must also be used by a qualifying widow(er)'.



2003 Tax Table—Continued

Table with columns for taxable income (32,000-33,000), marital status (Single, Married, etc.), and tax rates. Includes a 'Your tax is—' column and a 'Head of household' column.

2003 Tax Table—Continued

Table with columns for taxable income (23,000-24,000), marital status (Single, Married, etc.), and tax rates. Includes a 'Your tax is—' column and a 'Head of household' column.

Table with columns for taxable income (34,000-35,000), marital status (Single, Married, etc.), and tax rates. Includes a 'Your tax is—' column and a 'Head of household' column.

Table with columns for taxable income (25,000-26,000), marital status (Single, Married, etc.), and tax rates. Includes a 'Your tax is—' column and a 'Head of household' column.

Table with columns for taxable income (36,000-37,000), marital status (Single, Married, etc.), and tax rates. Includes a 'Your tax is—' column and a 'Head of household' column.

Table with columns for taxable income (27,000-28,000), marital status (Single, Married, etc.), and tax rates. Includes a 'Your tax is—' column and a 'Head of household' column.

\*The column must also be used by a qualifying widow(er).

Table with columns for taxable income (38,000-39,000), marital status (Single, Married, etc.), and tax rates. Includes a 'Your tax is—' column and a 'Head of household' column.

Table with columns for taxable income (29,000-30,000), marital status (Single, Married, etc.), and tax rates. Includes a 'Your tax is—' column and a 'Head of household' column.

\*The column must also be used by a qualifying widow(er).

(Continued on page 7)

(Continued on page 6)

2003 Tax Table—Continued

Table with columns for taxable income (if line 40), marital status, and various tax rates. Includes sub-sections for 50,000, 53,000, 56,000, 51,000, 54,000, 57,000, 52,000, 55,000, and 58,000.

2003 Tax Table—Continued

Table with columns for taxable income (if line 40), marital status, and various tax rates. Includes sub-sections for 41,000, 44,000, 47,000, 41,000, 44,000, 47,000, 48,000, 43,000, 46,000, 49,000, 43,000, 46,000, 49,000, 43,000, 46,000, 49,000, 43,000, 46,000, 49,000, 43,000, 46,000, 49,000, 43,000, 46,000, 49,000.

(Continued on page 99)

\* This column must also be used by a qualifying widow(er).

(Continued on page 98)

\* This column must also be used by a qualifying widow(er).

2003 Tax Table—Continued

Table with columns for 'If line 40 (taxable income) is—', 'And you are—', 'If line 40 (taxable income) is—', 'And you are—', 'If line 40 (taxable income) is—', 'And you are—', 'If line 40 (taxable income) is—', 'And you are—'. Rows range from 68,000 to 76,000.

\*The column must also be used by a qualifying widow(er).

Continued on page 71

2003 Tax Table—Continued

Table with columns for 'If line 40 (taxable income) is—', 'And you are—', 'If line 40 (taxable income) is—', 'And you are—', 'If line 40 (taxable income) is—', 'And you are—', 'If line 40 (taxable income) is—', 'And you are—'. Rows range from 60,000 to 68,000.

\*The column must also be used by a qualifying widow(er).

Continued on page 70

2003 Tax Table—Continued

Table with columns for taxable income (left and right), filing status (left and right), and tax amounts. Includes sub-sections for 85,000, 88,000, 91,000, and 94,000.

\* This column must also be used by a dual-income taxpayer.

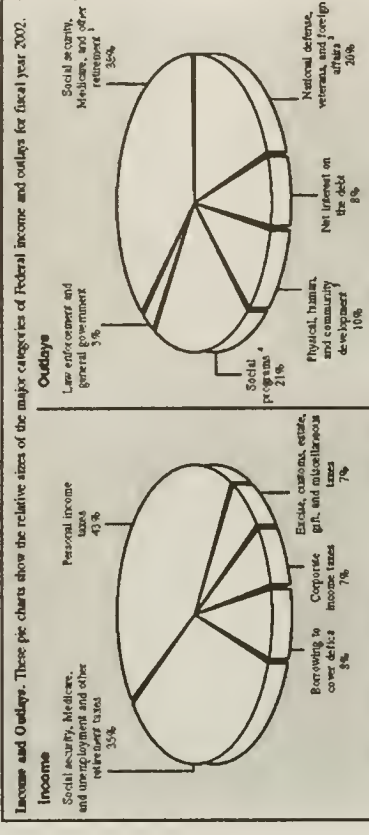
2003 Tax Table—Continued

Table with columns for taxable income (left and right), filing status (left and right), and tax amounts. Includes sub-sections for 83,000, 84,000, 85,000, 82,000, and 81,000.

\* This column must also be used by a dual-income taxpayer.



### Major Categories of Federal Income and Outlays for Fiscal Year 2002



On or before the first Monday in February of each year, the President is required by law to submit to the Congress a budget proposal for the fiscal year that begins the following October. The budget plan sets forth the President's proposed receipts, spending, and the surplus or deficit for the Federal Government. The plan includes recommendations for new legislation as well as recommendations to change, eliminate, and add programs. After receiving the President's proposal, the Congress reviews it and makes changes. It first passes a budget resolution setting its own targets for receipts, outlays, and the surplus or deficit. Next, individual spending and revenue bills that are consistent with the goals of the budget resolution are enacted.

In fiscal year 2002, which began on October 1, 2001, and ended on September 30, 2002, Federal income was \$1.9 trillion and outlays were \$2.1 trillion, leaving a deficit of \$0.2 trillion.

**Footnotes for Certain Federal Outlays**

1. Social security, Medicare, and other retirement. These programs provide income support for the retired and disabled and medical care for the elderly.
2. National defense, veterans, and foreign affairs. About 17% of outlays were to equip, modernize, and pay our armed forces and to fund other national defense activities; about 2% were for veterans benefits and services; and about 1% were for international activities, including military and economic assistance to foreign countries and the maintenance of U.S. embassies abroad.
3. Physical, human, and community development. These outlays were for agriculture, natural resources, environment, transportation; aid for elementary and secondary education, and direct assistance to college students; job training; deposit insurance; consumer and housing credit; and community development, and space, energy, and general science programs.
4. Social programs: About 14% of total outlays were for Medicaid, food stamps, temporary assistance for needy families, supplemental security income, and related programs; and 7% for health research and public health programs, unemployment compensation, assisted housing, and social services.

## Order Blank for Forms and Publications

The most frequently ordered forms and publications are listed on the order blank below. See pages 8 through 10 for the titles of the forms and publications. We will mail you two copies of each form and one copy of each publication you order. To help reduce waste, please order only the items you need to prepare your return.

For faster ways of getting the items you need, such as by Internet or fax, see page 7.

**TIP** Print or type your name and address accurately in the space provided below. An accurate address will ensure delivery of your order. Cut the order blank on your dotted line. Enclose the order blank in your own envelope and send it to the IRS address shown below that applies to you. You should receive your order within 10 days after we receive your request. Do not send your tax return to any of the addresses listed on this page. Instead, see the back cover.

Where To Mail Your Order Blank for Free Forms and Publications

If you live in the ... THEN mail to ...

Western United States	Western Area Distribution Center Rancho Conejo, CA 91342-0001
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Daytime phone number \_\_\_\_\_

**Order Blank**  
Fill in your name and address.

The items in bold may be picked up at many IRS offices, post offices, and libraries. You may also download all these items from the Internet at [www.irs.gov](http://www.irs.gov) or place an electronic order for them.

Item	Quantity	Price	Postage	Pub. 17	Pub. 535	Pub. 596
Schedule F (1040)	2441	\$3.2		Pub. 334	Pub. 537	Pub. 910
Schedule H (1040)	3926	1.6%		Pub. 463	Pub. 539	Pub. 926
Schedule J (1040)	452	82.2		Pub. 501	Pub. 535	Pub. 929
Schedule K (1040)	4668	829		Pub. 502	Pub. 530	Pub. 936
Schedule SE (1040)	2106	5329	4.6%	Pub. 505	Pub. 534	Pub. 970
Schedule C-1 (1040)	8283	2166	2.2%	Pub. 321	Pub. 575	Pub. 972
Schedule E (1040)	2210	4379		Pub. 1	Pub. 322	Pub. 590
Schedule B/C (1040 or 1040A)						

N

Note: The percentages on this page exclude undistributed operating receipts, which were \$48 billion in fiscal year 2002. In the budget, these receipts are either spent or pending in fighting the budget deficit. These receipts are for the U.S. Government's share of an employer's contribution to a pension, profit-sharing, or 401(k) plan. Governmental debt and proceeds from the sale of assets.

Department of the Treasury  
Internal Revenue Service

## 2003 Instructions for Schedules A & B (Form 1040)

### Instructions for Schedule A, Itemized Deductions

Use Schedule A (Form 1040) to figure your itemized deductions. In most cases, your Federal income tax will be less if you take the larger of your itemized deductions or your standard deduction.

If you itemize, you may deduct a part of your medical and dental expenses and unreimbursed employee business expenses, and amounts you paid for certain taxes, interest, contributions, and miscellaneous expenses. You may also deduct certain casualty and theft losses.

Do not include on Schedule A items deducted elsewhere, such as on Form 1040 or Schedule C, C-EZ, E, or F.



**You cannot deduct insurance premiums paid with pretax dollars because the premiums are not included in box 1 of your Form(s) W-2.**

**Lodging expenses (but not meals) while away from home to receive medical care in a hospital or a medical care facility are related to a hospital, provided there was no significant element of personal pleasure, recreation, or vacation in the travel. Do not deduct more than \$50 a night for each eligible person.**

- Ambulance service and other travel costs to get medical care. If you need your car, you may claim what you spent for gas and tolls to go to and from the place you received medical care, or you may claim 12 cents a mile. Add parking and tolls to the amount you claim under either method.
- Certain medical expenses paid out of a deceased taxpayer's estate may be claimed on the deceased taxpayer's final return. See Pub. 502 for details.

**Limit on Long-Term Care Premiums You May Deduct.** The amount you may deduct for qualified long-term care contracts (as defined in Pub. 502) depends on the age, at the end of 2003, of the person for whom the premiums were paid. See the following chart for details.

If the person was, at the end of 2003, age . . . . .	THEN the most you may deduct is . . . . .
40 or under	\$ 250
41-50	\$ 470
51-60	\$ 940
61-70	\$ 2,510
71 or older	\$ 3,130

## Disclosure, Privacy Act, and Paperwork Reduction Act Notice

The IRS is returning an Act of 1998, the Privacy Act of 1974, and the Paperwork Reduction Act of 1980 require that we ask you for information we need to tell you our policies and how it will be used. We may also use it and what you say out is voluntary, required to obtain a benefit, or mandatory under the law.

This notice applies to all papers you file with us, including this tax return. It also applies to any questions we need to ask you so we can complete, correct, or process your return, figure your tax, and collect tax, interest, or penalties.

Your legal right to ask for information in Internal Revenue Code sections 6001, 6011, and 6012(a), and their regulations. They say that you must file a return of information with us if you are liable for. Your response to a mandatory question may be used to determine whether you are an individual taxpayer (identification number) or not. This is so we know who you are, and can process your return and other papers. You must fill in all parts of the tax form that apply to you. But you do not have to check the box for the Presidential Election Campaign Fund for a third-party designee. You also do not have to provide your daytime phone number.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form or its instructions require you to do so. We will not put you to a test by asking for information that is not required. We will not share your information with other agencies unless we are required to do so by law. We will not share your information with other agencies for the purposes of the Federal Information Security Act of 2001, unless we are required to do so by law. We will not share your information with other agencies for the purposes of the Federal Information Security Act of 2001, unless we are required to do so by law. We will not share your information with other agencies for the purposes of the Federal Information Security Act of 2001, unless we are required to do so by law.

### Revenue law

We ask for tax return information to carry out the laws of the United States. We need it to figure and collect the right amount of tax under a tax treaty, or to Federal and state agencies to enforce Federal income criminal laws and to combat terrorism.

Please keep this notice with your records. It may help you if we ask you for other information. If you have questions about the rules for filing and giving information, please call or visit any Internal Revenue Service office.

### The Time It Takes To Prepare Your Return

We try to create forms and instructions that can be easily understood. Often this is difficult to do because our tax law is very complex. For some people with income mostly from wages, filling in the forms is easy. For others who have businesses, investments, stocks, rental income, or other investments, it is more difficult.

### We Welcome Comments on Forms

If you have comments concerning the accuracy or making these forms simpler, we would be happy to hear from you. You can mail us at: Information.gov, 1515 Eye St., Room 5108, Washington, DC 20004. You can also call us at 1-800-829-1040. If you are a member of the Tax Professionals Continuing Committee, Writers Area, Distribution Center, Rancho Cordova, CA 95743-0001. Do not send your return to this address. Instead, see the back cover.

### Estimated Preparation Time

The time needed to complete and file Form 1040, its schedules, and accompanying worksheets will vary depending on individual circumstances. The estimated average times are:

Form	Recomputing	Learning about the law or the form	Preparing the form	Copying, assembling, and sending to the IRS	Totals
Form 1040	2 hr., 46 min.	3 hr., 31 min.	6 hr., 18 min.	34 min.	13 hr., 29 min.
Sch. A	3 hr., 4 min.	39 min.	1 hr., 34 min.	20 min.	5 hr., 37 min.
Sch. B	35 min.	8 min.	25 min.	20 min.	1 hr., 26 min.
Sch. C	6 hr., 4 min.	1 hr., 31 min.	2 hr., 19 min.	41 min.	10 hr., 35 min.
Sch. C-EZ	45 min.	3 min.	35 min.	20 min.	1 hr., 43 min.
Sch. D	1 hr., 29 min.	2 hr., 47 min.	3 hr., 8 min.	34 min.	7 hr., 38 min.
Sch. D-1	13 min.	1 min.	13 min.	34 min.	1 hr., 1 min.
Sch. B	3 hr.	1 hr., 13 min.	1 hr., 27 min.	34 min.	6 hr., 14 min.
Sch. EIC	-----	1 min.	13 min.	20 min.	34 min.
Sch. P	3 hr., 29 min.	36 min.	1 hr., 23 min.	20 min.	5 hr., 32 min.
Cash Method	3 hr., 36 min.	26 min.	1 hr., 23 min.	20 min.	5 hr., 47 min.
Accrual Method	1 hr., 36 min.	30 min.	33 min.	34 min.	3 hr., 35 min.
Sch. H	19 min.	13 min.	2 hr., 1 min.	20 min.	2 hr., 53 min.
Sch. J	19 min.	15 min.	29 min.	34 min.	1 hr., 37 min.
Sch. R	13 min.	14 min.	13 min.	13 min.	53 min.
Sch. SE	26 min.	20 min.	35 min.	20 min.	1 hr., 41 min.
Sch. T	-----	-----	-----	-----	-----
Log	-----	-----	-----	-----	-----

Examples of Medical and Dental Payments You May Not Deduct

- The cost of Medicare insurance (Medicare A).



If you were 65 or older but not entitled to social security benefits, you may deduct premiums you voluntarily paid for Medicare A coverage.

- The cost of diet food.
Cosmetics, surgery unless it was necessary to improve a deformity related to a congenital abnormality, an injury from a vehicle trauma, or a disfiguring disease.
Life insurance or income protection policies.
The Medicare tax on your wages and self-employment tax or household employment taxes.
Nursing care for a healthy baby. But you may be able to take a credit for the amount you paid. See the instructions for Form 1040, line 45.
Illegal operations or charges.
Nonprescription medicines (including income gum and certain nicotine patches).
Travel your doctor told you to take for a check-up.
Funeral, burial, or cremation costs.

Line 1 Medical and Dental Expenses

Enter the total of your medical and dental expenses (see page A-1), after you reduce these expenses by any payments received from insurance or other sources. See Reimbursements below.



Do not forget to include minor expense premiums you paid for medical and dental care. But if you claimed the self-employed health insurance deduction on Form 1040, line 29, reduce the premiums by the amount on line 29.

Note: If, during 2003, you were an eligible taxpayer (see page A-1) who kept your federal income tax return open to receive the Tax-Deferred Annuity (TDA) or the Benefit Guaranty Corporation pension tax credit, you must complete Form 8885 before figuring the amount of insurance premiums you can deduct on Schedule A. Do not include any health coverage tax credit advance payments shown in box 1 of Form 1099-H. Also, subtract the amount shown on line 4 of Form 8885 (reduced by any advance payments shown on line 6 of that form) from the total insurance premiums you paid.

What Medical and Dental Expenses Can You Include? You may include medical and dental bills you paid for:

- Yourself and your spouse.
All dependents you claim on your return.
Your child whom you do not claim as a dependent because of the rules explained in Pub 501 for children of divorced or separated parents.
Any person on your return that claimed as a dependent on your 2003 return if that person had not received \$3,050 or more of gross income or had not filed a joint return.
Example: You provided over half of your mother's support but may not claim her as a dependent because she received wages of \$3,050 in 2003. You may include on line 1 any medical and dental expenses you paid in 2003 for your mother.

Reimbursements. If your insurance company paid the provider directly for part of your expenses, and you paid only the amount that remained, include on line 1 only the amount you paid. If you received a reimbursement in 2003 for medical or dental expenses you paid in 2003, reduce your 2003 expenses by this amount. If you received a reimbursement in 2003 for prior year medical or dental expenses, do not reduce your 2003 expenses by this amount. But if you deducted the expenses in an earlier year, you must include the reimbursement in your 2003 return. See the instructions for Form 1040, line 29, for details on how to figure the amount to include.

Charitable Plans. Do not include on line 1 insurance premiums paid by an employer-sponsored health insurance plan (including a plan) under the premium reduction rules in Section 1292. Also, do not include any other medical and dental expenses paid by the plan unless the amount paid is included in box 1 of your Form(s) W-2.

Taxes You May Not Deduct

- Federal income and estate taxes.
Social security, Medicare, Federal unemployment (FUTA), and railroad retirement (RRTA) taxes.
Customs duties.
Federal estate and gift taxes. But see the instructions for line 27 on page A-6.
Certain state and local taxes, including general sales tax, tax on gasoline, car inspection fees, assessments for sidewalks or other improvements to your property, tax you paid for someone else, and license fees (marriage, driver's, dog, etc.)

Line 5 State and Local Income Taxes

Include on this line the state and local income taxes listed below:
State and local income taxes withheld from your salary during 2003. Your Form(s) W-2 will show these amounts.
Form(s) W-3G, 1099-G, 1099-R, and 1099-MISC may also show state and local income taxes withheld.
State and local income taxes paid in 2003 for a prior year, such as taxes paid with your 2002 state or local income tax return. Do not include penalties or interest.
State and local estimated tax payments made during 2003, including any part of a prior year refund that you chose to have credited to your 2003 state or local income taxes.
Mandatory contributions you made to the California, New Jersey, or New York Nonoccupational Disability Benefit Fund, Rhode Island Temporary Disability Benefit Fund, or Washington State Supplemental Workmen's Compensation Fund.
Do not reduce your deduction by any credit you expect to receive for 2003 or 2004, or refund of, or credit for, prior year state and local income taxes you actually received in 2003. Instead, see the instructions for Form 1040, line 10.

Line 6 Real Estate Taxes

Include taxes (state, local, or foreign) you paid on real estate you own that was not used for business, but only if the taxes are based on the assessed value of the property. Also, the assessment must be made uniformly on property throughout the community, and the proceeds must be used for general community or governmental purposes. Pub. 530 explains the deduction homeowners may take.

- Do not include the following amounts on line 6:
Itemized charges for services to guests, property, or persons (for example, a \$20 monthly charge per house for trash collection, a \$5 charge for every 100 gallons of water consumed, or a flat charge for mowing a lawn that had grown higher than permitted under a local ordinance).
Charger for improvements that tend to increase the value of your property (for example, an assessment to build a new sidewalk). The cost of a property improvement is added to the basis of the property. However, a charge is deductible if it is used only to maintain an existing public facility in service (for example, a charge to repair an

Line 7 Personal Property Taxes

Enter personal property tax you paid, but only if it is based on value alone and it is charged on a yearly basis.
Example: You paid a yearly fee for the registration of your car. Part of the fee was based on the car's value and part was based on its weight. You may deduct only the part of the fee that was based on the car's value.

Line 8 Other Taxes

If you had any deductible tax not listed on line 5, 6, or 7, list the type and amount of tax. Enter only one total on line 8. Include on this line any one tax you paid to a foreign country or U.S. possession.

You may want to take a credit for the foreign tax instead of a deduction. See the instructions for Form 1040, line 44, for details.

Line 10 Home Mortgage Interest

A home mortgage is any loan that is secured by your main home or second home, home equity loans, and refinanced mortgages.
A home may be a house, condominium, cooperative, mobile home, boat, or similar property. It must provide basic living accommodations including sleeping space, toilet, and cooking facilities.
Limit on Home Mortgage Interest. If you took out any mortgages after October 13, 1987, your deduction may be limited. Any additional amounts borrowed after October 13, 1987, on a line-of-credit mortgage you had on that date are treated as a mortgage taken out after October 13, 1987. If you refinanced a mortgage you had on October 13, 1987, treat the new mortgage as taken out on or before October 13, 1987. But if you refinanced for more than the balance of the old mortgage, treat the excess as a mortgage taken out after October 13, 1987.

See Pub. 936 to figure your deduction if either 1 or 2 below applies. If you had more than one home at the same time, the dollar amounts in 1 and 2 apply to the total mortgages on both homes.
1. You took out any mortgage after October 13, 1987, and used the proceeds for purposes other than to buy, build, or improve your home, and all of these mortgages totaled over \$100,000 at any time during 2003. The limit is \$50,000 if married filing separately. An example of this type of mortgage is a home equity loan used to pay off credit card bills, buy a car, or pay tuition.
2. You took out any mortgages after October 13, 1987, and used the proceeds to buy, build, or improve your home, and these mortgages plus any mortgages you took out on or before October 13, 1987, totaled over \$1 million at any time during 2003. The limit is \$500,000 if married filing separately.

If the total amount of all mortgages is more than the form limit, 94.4% for 1 of the home. Additional limits apply. See Pub. 936.

Line 11 Points Not Reported on Form 1098

Points are shown on your settlement statement. Points you paid only to borrow money are generally deductible over the life of the loan. See Pub. 936 to figure the amount you may deduct. Points paid for other purposes, such as for a lender's services, are not deductible.
Refinancing. Generally, you must deduct points you paid to refinance a mortgage over the life of the loan. This is true even if the new mortgage is secured by your main home.
If you used part of the proceeds to improve your main home, you may be able to deduct the part of the points related to the improvement in the year paid. See Pub. 936 for details.

Line 12 Points Not Reported on Form 1098

Points are shown on your settlement statement. Points you paid only to borrow money are generally deductible over the life of the loan. See Pub. 936 to figure the amount you may deduct. Points paid for other purposes, such as for a lender's services, are not deductible.
Refinancing. Generally, you must deduct points you paid to refinance a mortgage over the life of the loan. This is true even if the new mortgage is secured by your main home.
If you used part of the proceeds to improve your main home, you may be able to deduct the part of the points related to the improvement in the year paid. See Pub. 936 for details.

Line 10 and 11 Home Mortgage Interest

In general, if you paid interest in 2003 that applies to any period after 2003, you may deduct only amounts that apply for 2003.

Line 10 and 11 Home Mortgage Interest

A home mortgage is any loan that is secured by your main home or second home, home equity loans, and refinanced mortgages.
A home may be a house, condominium, cooperative, mobile home, boat, or similar property. It must provide basic living accommodations including sleeping space, toilet, and cooking facilities.
Limit on Home Mortgage Interest. If you took out any mortgages after October 13, 1987, your deduction may be limited. Any additional amounts borrowed after October 13, 1987, on a line-of-credit mortgage you had on that date are treated as a mortgage taken out after October 13, 1987. If you refinanced a mortgage you had on October 13, 1987, treat the new mortgage as taken out on or before October 13, 1987. But if you refinanced for more than the balance of the old mortgage, treat the excess as a mortgage taken out after October 13, 1987.

See Pub. 936 to figure your deduction if either 1 or 2 below applies. If you had more than one home at the same time, the dollar amounts in 1 and 2 apply to the total mortgages on both homes.
1. You took out any mortgage after October 13, 1987, and used the proceeds for purposes other than to buy, build, or improve your home, and all of these mortgages totaled over \$100,000 at any time during 2003. The limit is \$50,000 if married filing separately. An example of this type of mortgage is a home equity loan used to pay off credit card bills, buy a car, or pay tuition.
2. You took out any mortgages after October 13, 1987, and used the proceeds to buy, build, or improve your home, and these mortgages plus any mortgages you took out on or before October 13, 1987, totaled over \$1 million at any time during 2003. The limit is \$500,000 if married filing separately.

If the total amount of all mortgages is more than the form limit, 94.4% for 1 of the home. Additional limits apply. See Pub. 936.

Line 10 Enter on line 10 mortgage interest and points reported to you on Form 1098. If this form shows any refund of overpayment interest, do not reduce your deduction by the refund. Instead, see the instructions for Form 1040, line 21.

Whether your interest expense is treated as investment interest, personal interest, or business interest depends on how and when you used the loan proceeds. See Pub. 535 for details.

If you paid more interest to the recipient than is shown on Form 1098, see Pub. 936 to find out if you can deduct the additional interest. If you can, attach a statement explaining the difference and enter "See attached" to the right of line 10.

Note: If you are claiming the mortgage interest credit (see the instructions for Form 1040, line 51), subtract the amount shown on line 3 of Form 8396 from the total deductible interest you paid on your home mortgage. Enter the result on line 10.

Line 11 If you did not receive a Form 1098 from the recipient, report your deductible mortgage interest on line 11.

If you bought your home from the recipient, be sure to show that recipient's name, identifying no., and address on the dotted lines next to line 11. If the recipient is an individual, the identifying no. is his or her social security number (SSN). Otherwise, it is the employer identification number. You must also let the recipient know your SSN. If you do not show the required information about the recipient or let the recipient know your SSN, you may have to pay a \$50 penalty.
If you and at least one other person (other than your spouse if filing jointly) were liable for and paid interest on the mortgage, and if the other person received the Form 1098, attach a statement to your return showing the name and address of that person. To the right of line 11, enter "See attached."

Line 10 and 11 Home Mortgage Interest

A home mortgage is any loan that is secured by your main home or second home, home equity loans, and refinanced mortgages.
A home may be a house, condominium, cooperative, mobile home, boat, or similar property. It must provide basic living accommodations including sleeping space, toilet, and cooking facilities.
Limit on Home Mortgage Interest. If you took out any mortgages after October 13, 1987, your deduction may be limited. Any additional amounts borrowed after October 13, 1987, on a line-of-credit mortgage you had on that date are treated as a mortgage taken out after October 13, 1987. If you refinanced a mortgage you had on October 13, 1987, treat the new mortgage as taken out on or before October 13, 1987. But if you refinanced for more than the balance of the old mortgage, treat the excess as a mortgage taken out after October 13, 1987.

See Pub. 936 to figure your deduction if either 1 or 2 below applies. If you had more than one home at the same time, the dollar amounts in 1 and 2 apply to the total mortgages on both homes.
1. You took out any mortgage after October 13, 1987, and used the proceeds for purposes other than to buy, build, or improve your home, and all of these mortgages totaled over \$100,000 at any time during 2003. The limit is \$50,000 if married filing separately. An example of this type of mortgage is a home equity loan used to pay off credit card bills, buy a car, or pay tuition.
2. You took out any mortgages after October 13, 1987, and used the proceeds to buy, build, or improve your home, and these mortgages plus any mortgages you took out on or before October 13, 1987, totaled over \$1 million at any time during 2003. The limit is \$500,000 if married filing separately.

If the total amount of all mortgages is more than the form limit, 94.4% for 1 of the home. Additional limits apply. See Pub. 936.

Line 10 Enter on line 10 mortgage interest and points reported to you on Form 1098. If this form shows any refund of overpayment interest, do not reduce your deduction by the refund. Instead, see the instructions for Form 1040, line 21.

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Line 10 Enter on line 10 mortgage interest and points reported to you on Form 1098. If this form shows any refund of overpayment interest, do not reduce your deduction by the refund. Instead, see the instructions for Form 1040, line 21.

Whether your interest expense is treated as investment interest, personal interest, or business interest depends on how and when you used the loan proceeds. See Pub. 535 for details.



If you paid off a mortgage early, deduct any remaining points in the year you paid off the mortgage.



**Line 13 Investment Interest**

Investment interest is interest paid on money you borrowed that is able to be used for investment. It does not include any interest that is passive activities or to securities that generate tax-exempt income.

Complete and attach Form 4952 to figure your deduction.

**Exception.** You do not have to file Form 4952 if all three of the following apply:

1. Your investment interest expense is not more than your investment income from interest and ordinary dividends minus any qualified dividends.
2. You have no other deductible investment expenses.
3. You have no disallowed investment interest expense from 2002.

**Note.** Alaska Permanent Fund dividends, including those reported on Form 8814, are not investment income.

For more details, see Pub. 550.

**Gifts to Charity**

You may deduct contributions or gifts you gave to organizations that are religious, charitable, educational, scientific, or literary in purpose. You also may deduct what you gave to organizations that work to prevent cruelty to children or animals. Examples of these organizations are:

- Churches, mosques, synagogues, temples, etc.
- Boy Scouts, Boys and Girls Clubs of America, CARE, Girl Scouts, Goodwill Industries, Red Cross, Salvation Army, United Way, etc.
- Fraternal orders, if the gifts will be used for the purposes listed above
- Veterans' and certain cultural groups.
- Nonprofit schools, hospitals, and organizations whose purpose is to find a cure for, or help people who have, arthritis, asthma, birth defects, cancer, cerebral palsy, cystic fibrosis, diabetes, heart disease, hemophilia, mental illness or retardation, multiple sclerosis, muscular dystrophy, tuberculosis, etc.
- Federal, state, and local governments if the gifts are solely for public purposes. To verify an organization's charitable status, you can:
  - Check with the organization to which you made the donation. The organization should be able to provide you with verification of its charitable status.
  - See Pub. 78 for a list of most qualified organizations. You can access Pub. 78 on

whenever is earlier. Do not attach the statement to your return instead, keep it for your records.

**Line 15 Gifts by Cash or Check**

Enter the total contributions you made in cash or by check (including out-of-pocket expenses).

**Line 16 Other Than by Cash or Check**

Enter your contributions of property. If you gave used items, such as clothing or furniture, deduct their fair market value at the time you gave them. Fair market value is what a willing buyer would pay a willing seller when neither has to buy or sell and both are aware of the conditions of the sale. For more details on determining the value of donated property, see Pub. 561.

**Contributions You May Not Deduct**

- Travel expenses (including meals and lodging) while away from home, unless there was no significant element of personal pleasure, recreation, or vacation in the travel.
- Political contributions.
- Dues, fees, or bills paid to country clubs, lodges, fraternal orders, or similar groups.
- Cost of rifle, bingo, or lottery tickets.
- You may be able to deduct these expenses on line 27. See page A 6 for details.
- Contributions. But you may be able to deduct this expense on line 20 (see page A 5) or take a credit for this expense (see Form 8863).
- Value of your time or services.
- Value of blood given to a blood bank.
- The transfer of a future interest in tangible personal property (generally, until the entire interest has been transferred).
- Gifts to individuals and groups that are run for personal profit.
- Gifts to foreign organizations. But you may be able to deduct gifts to certain U.S. organizations that transfer funds to foreign charities and certain Canadian, Irish, and Mexican charities. See Pub. 526 for details.
- Gifts to organizations engaged in certain political activities that are of direct financial interest to your trade or business. See Internal Revenue Code section 170(e)(9).
- Gifts to groups whose purpose is to lobby for changes in the law.
- Gifts to civic leagues, social and sports clubs, labor unions, and chambers of commerce.
- Value of benefits received in connection with a contribution to a charitable organization. See Pub. 526 for exceptions.

**Gifts From Which You Benefit.**

If you made a gift and received a benefit in return, such as food, entertainment, or merchandise, you may generally only deduct the amount that is more than the value of the benefit. But this rule does not apply to certain membership benefits provided in return for an annual payment of \$75 or less. For details, see Pub. 526.

**Example.** You paid \$70 to a charitable organization to attend a fund-raising dinner and the value of the dinner was \$30. You may deduct only \$30.

**Gifts of \$250 or More.** You may deduct a gift of \$250 or more only if you have a statement from the charitable organization showing the information in 1 and 2 below.

1. In figuring whether a gift is \$250 or more, do not combine separate donations. For example, if you gave your dues to CS each week for a total of \$1,300, treat each \$25 payment as a separate gift. If you made donations through payroll deductions, treat each deduction from each paycheck as a separate gift. See Pub. 526 if you made a separate gift of \$250 or more through payroll deduction.
2. The amount of any money contributed and a description (but not value) of any property donated.
3. Whether the organization did or did not give you any goods or services in return for your contribution. If you did receive any goods or services, a description and estimate of the value must be included. If you received only intangible religious benefits (such as admission to religious events), the organization must state this, but it does not have to describe or value the benefit.

You must get the statement by the due date of your file (over extensions) or the due date (including extensions) for filing your return.



**TIP**

You must get the statement by the due date of your file (over extensions) or the due date (including extensions) for filing your return.

cause they exceeded your adjusted gross income limit. See Pub. 526 for details.

**Line 19 Casualty and Theft Losses**

Complete and attach Form 4684 to figure the amount of your loss to enter on line 19.

You may be able to deduct part or all of each loss caused by theft, vandalism, fire, storm, or similar causes, and car, boat, and other accidents. You may also be able to deduct money you had in a financial institution but lost because of the insolvency or bankruptcy of the institution.

You may deduct nonbusiness casualty or theft losses only to the extent that —

- The amount of each separate casualty or theft loss is more than \$100 and
  - The total amount of all losses during the year is more than 10% of the amount on Form 1040, line 35.
- Special rules apply if you had both gains and losses from nonbusiness casualties or thefts. See Form 4684 and its instructions for details.

Use line 22 of Schedule A to deduct the costs of proving that you had a property loss. Examples of these costs are appraisal fees and photographs used to establish the amount of your loss.

For information on Federal disaster area losses, see Pub. 547.

**Job Expenses and Most Other Miscellaneous Deductions**

You may deduct only the part of these expenses that exceeds 2% of the amount on Form 1040, line 35.

Pub. 529 discusses the types of expenses that may and may not be deducted. Examples of expenses You May Not Deduct

- Political contributions.
- Personal legal expenses.
- Lost or unrepaid cash or property.
- Expenses for meals during regular extra work hours.
- The cost of entertaining friends.
- Commuting expenses. See Pub. 529 for the definition of commuting.
- Travel expenses for employment away from home if that period of employment exceeds 1 year. See Pub. 529 for an exception for certain Federal employees.
- Travel as a form of education.

- Expenses of attending a seminar, convention, or similar meeting unless it is related to your employment.
- Club dues. See Pub. 529 for exceptions.
- Expenses of adopting a child that you may be able to take a credit for adoption expenses. See Form 8839 for details.
- Fines and penalties.
- Expenses of producing tax-exempt income.

**Line 20 Unreimbursed Employee Expenses**

Enter the total ordinary and necessary job expenses you paid for which you were not reimbursed. (Amounts your employer included in box 1 of your Form W-2 are not considered reimbursements.)

An ordinary expense is one that is common and accepted in your field of trade, business, or profession. A necessary expense is one that is appropriate and helpful for your business. All expenses have to be required to be considered necessary.

But you must fill in and attach Form 2106 if either 1 or 2 next applies:

1. You claim any travel, transportation, meal, or entertainment expenses for your job.
2. Your employer paid you for any of your job expenses reportable on line 20.



**TIP**

If you used your own vehicle and item 2 does not apply, you may be able to file Form 2106-EZ instead.

If you do not have to file Form 2106 or 2106-EZ, list the type and amount of each expense on the dotted lines next to line 20. If you need more space, attach a statement showing the type and amount of each expense. Enter one total on line 20.



**Warning**

Do not include on line 20 any deduction expenses you deducted on Form 1040, line 23.

Examples of other expenses to include on line 20 are:

- Safety equipment, small tools, and supplies needed for your job.
- Uniforms required by your employer that are not suitable for ordinary wear.
- Protective clothing required in your work, such as hard hats, safety shoes, and glasses.
- Physical examinations required by your employer.
- Dues to professional organizations and chambers of commerce.
- Subscriptions to professional journals.
- Fees to employment agencies and other labor organizations.
- Present occupation, even if you do not get a new job.
- Certain business use of part of your home. For details, including limits that apply, see Topic 509 (see page 11 of

Use Schedule B (Form 1040) if any of the following apply:

- You had over \$1,500 of taxable interest.
- Any of the Special Rules listed in the instructions for line 1 below apply to you.
- You are claiming the exclusion of interest from series EE or I U.S. savings bonds issued after 1989.
- You had over \$1,500 of ordinary dividends.
- You received ordinary dividends as a nominee.
- You (a) had a foreign account or (b) received a distribution from, or were a grantor of, or a transferor of, a foreign trust. Part III of the schedule has questions about foreign accounts and trusts.

## Instructions for Schedule B, Interest and Ordinary Dividends

**TIP** You may list more than one payer on each entry space for lines 1 and 5, but be sure to clearly show the amount paid next to the payer's name. Add the separate amounts paid by the payers listed on an entry space and enter the total in the "Amount" column. If you still need more space, attach separate statements that are the same size as the printed schedule. Use the same format as lines 1 and 5, but show your totals on Schedule B. Be sure to put your name and social security number (SSN) on the statements and attach them at the end of your return.

- Casualty and theft losses of unexpired property. See Form 4684, lines 33 and 38, or Form 4797, line 18(b).
  - Federal estate tax on income in respect of a decedent.
  - Amortizable bond premium on bonds acquired before October 23, 1986.
  - Deduction for repayment of amounts under a claim of right if over \$3,000. See Pub. 525 for details.
  - Certain unrecovered investment in a pension.
  - Impairment-related work expenses of a disabled person.
- For more details, see Pub. 529.

- Certain legal and accounting fees.
- Clerical help and office rent.
- Custodial (for example, trust account) fees.
- Your share of the investment expenses of a regulated investment company.
- Certain losses on nonfederally insured deposits in an insolvent or bankrupt financial institution. For details, including limits that apply, see Pub. 529.
- Casualty and theft losses of property used in performing services as an employee from Form 4684, lines 33 and 38, or Form 4797, line 18(b).
- Deduction for repayment of amounts under a claim of right if \$5,000 or less.

**TIP** You may be able to take a credit for your educational expenses instead of a deduction. See Form 8863 for details.

**Line 21 Tax Preparation Fees**  
Enter the fees you paid for preparation of your tax return, including fees paid for filing your return electronically. If you paid your tax by credit card, do not include the convenience fee you were charged.

**Line 22 Other Expenses**  
Enter the total amount you paid to produce or collect taxable income and manage or protect property held for earning income. List the type and amount of each expense on the dotted lines next to line 22. If you need more space, attach a statement showing the type and amount of each expense. Enter one total on line 22.

Examples of expenses to include on line 22 are:

**Line 28**  
Use the worksheet below to figure the amount to enter on line 28 if the amount on Form 1040, line 35, is over \$139,500 (\$69,750 if married filing separately).

**Line 27**  
Only the expenses listed next can be deducted on this line. List the type and amount of each expense on the dotted lines next to line 27. If you need more space, attach a statement showing the type and amount of each expense. Enter one total on line 27.

Only gambling losses, but only to the extent of gambling winnings reported on Form 1040, line 21.

**Line 28**  
Use the worksheet below to figure the amount to enter on line 28 if the amount on Form 1040, line 35, is over \$139,500 (\$69,750 if married filing separately).

## Part II. Ordinary Dividends

**Note.** You may have to file Form 5471 if, in 2003, you were an officer or director of a foreign corporation. You may also have to file Form 5471 if, in 2003, you owned 10% or more of the total (a) value of a foreign corporation's stock or (b) combined voting power of all classes of a foreign corporation's stock with voting rights. For details, see Form 5471 and its instructions.

**Accrued Interest**  
When you buy bonds between interest payment dates and pay accrued interest to the seller, this interest is taxable to the seller. If you received a Form 1099 for interest as a purchaser of a bond with accrued interest, follow the rules earlier under "Nominees" to see how to report the accrued interest on Schedule B. But identify the amount to be subtracted as "Accrued Interest."

**Tax-Exempt Interest**  
If you received a Form 1099-INT for tax-exempt interest, follow the rules earlier under "Nominees" to see how to report the interest on Schedule B. But identify the amount to be subtracted as "Tax-Exempt Interest."

## Part I. Interest

**Line 1 Interest**  
Report on line 1 all of your taxable interest. Interest should be shown on your Forms 1099-INT, Form 1099-OID, or substitute statements. Its link interest from series EE and I U.S. savings bonds. List each payer's name and show the amount.

**Line 5 Ordinary Dividends**  
Report on line 5 all of your ordinary dividends. This amount should be shown in box 1a of your Forms 1099-DIV or substitute statements. List each payer's name and show the amount.

**Original Issue Discount (OID)**  
If you are reporting OID in an amount less than the amount shown on Form 1099-OID, follow the rules earlier under "Nominees" to see how to report the OID on Schedule B. But identify the amount to be subtracted as "OID Adjustment."

**Amortizable Bond Premium**  
If you are reducing your interest income on a bond by the amount of amortizable bond premium, follow the rules earlier under "Nominees" to see how to report the interest on Schedule B. But identify the amount to be subtracted as "ABP Adjustment."

**Special Rules**  
**Seller-Financed Mortgages**  
If you sold your home or other property and the buyer used the property as a personal residence, list first any interest the buyer paid you on a mortgage or other form of seller financing. Be sure to show the buyer's name, address, and SSN. You must also let the buyer know your SSN. If you do not show the buyer's name, address, and SSN or let the buyer know your SSN, you may have to pay a \$50 penalty.

**Nominees**  
If you received a Form 1099-DIV that includes ordinary dividends you received as a nominee (that is, in your name, but the ordinary dividends actually belong to someone else), report the total on line 5. Do this even if you later distributed some or all of this income to others. Under your last entry on line 5, put a subtotal of all ordinary dividends listed on line 5. Below this subtotal, enter "Nominee Distribution" and show the total ordinary dividends you received as a nominee. Subtract this amount from the subtotal and enter the result on line 6.

**Nominees**  
If you received a Form 1099-INT that includes interest you received as a nominee (that is, in your name, but the interest actually belongs to someone else), report the total on line 1. Do this even if you later distributed some or all of this income to others. Under your last entry on line 1, put a subtotal of all interest listed on line 1. Below this subtotal, enter "Nominee Distribution" and show the total interest you received as a nominee. Subtract this amount from the subtotal and enter the result on line 2.

**Nominees**  
If you received a Form 1099-INT that includes interest you received as a nominee (that is, in your name, but the interest actually belongs to someone else), report the total on line 1. Do this even if you later distributed some or all of this income to others. Under your last entry on line 1, put a subtotal of all interest listed on line 1. Below this subtotal, enter "Nominee Distribution" and show the total interest you received as a nominee. Subtract this amount from the subtotal and enter the result on line 2.

**Itemized Deductions Worksheet—Line 28**

Keep for Your Records

1. Enter the total of the amounts from Schedule A, lines 4, 9, 14, 18, 19, 26, and 27: \_\_\_\_\_

2. Enter the total of the amounts from Schedule A, lines 4, 13, and 19, plus any gambling and casualty or theft losses included on line 27: \_\_\_\_\_

3. Is the amount on line 2 less than the amount on line 1?  No.  Yes. Your deduction is not limited. Enter the amount from line 1 above on Schedule A, line 28: \_\_\_\_\_

4. Multiply line 3 by 80% (.80): \_\_\_\_\_

5. Enter the amount from Form 1040, line 35: \_\_\_\_\_

6. Enter \$139,500 (\$69,750 if married filing separately): \_\_\_\_\_

7. Is the amount on line 6 less than the amount on line 5?  No.  Yes. Your deduction is not limited. Enter the amount from line 1 above on Schedule A, line 28: \_\_\_\_\_

8. Multiply line 7 by 3% (.03): \_\_\_\_\_

9. Enter the smaller of line 4 or line 8: \_\_\_\_\_

10. Total itemized deductions. Subtract line 9 from line 1. Enter the result here and on Schedule A, line 28: \_\_\_\_\_

**Caution** Be sure your total gambling and casualty or theft losses are clearly identified on the dotted lines next to line 27.



Department of the Treasury  
Internal Revenue Service

# 2003 Instructions for Schedule C Profit or Loss From Business

Use Schedule C (Form 1040) to report income or loss from a business you operated or a profession you practiced as a sole proprietor. Also, use Schedule C to report wages and expenses you had as a statutory employee. An activity qualifies as a business if your primary purpose for engaging in the activity is for income or profit and you are involved in the activity with continuity and regularity. For example, a sporadic activity or a hobby does not qualify as a business. To report income from a non-business activity, see the instructions for Form 1040, line 21.

Small businesses and statutory employees with expenses of \$2,500 or less may be able to file Schedule C-EZ instead of Schedule C. See Schedule C-EZ for details.

You may be subject to state and local taxes and other requirements such as business licenses and fees. Check with your state and local governments for more information.

Section references are to the Internal Revenue Code.

## General Instructions for Forms 1099, 1098, 5498, and W-2G

If you received cash of more than \$10,000 in one or more related transactions in your trade or business, you may have to file Form 8300. For details, see Pub. 1544.

## Reportable Transaction Disclosure Statement

Use Form 8886 to disclose information for each reportable transaction in which you participated. Form 8886 must be filed for each tax year that your Federal income tax liability is affected by your participation in the transaction. The following are reportable transactions.

- Any transaction that is the same as or substantially similar to tax avoidance transactions identified by the IRS.
- Any transaction offered under conditions of confidentiality.
- Any transaction for which you have contractual protection against disallowance of the tax benefits.
- Any transaction resulting in a loss of at least \$2 million in any single tax year or \$4 million in any combination of tax years. (At least \$50,000 for a single tax year if the loss arose from a foreign currency transaction defined in section 988(c)(1), whether or not the loss flows through from an S corporation or partner ship.)
- Any transaction resulting in a book-tax difference of more than \$10 million on a gross basis.
- Any transaction resulting in a tax credit of more than \$20,000, if you held the asset generating the credit for 35 days or less.

See the instructions for Form 8886 for more details and exceptions.

## Additional Information

See Pub. 334 for more information for small businesses.

and share in the profits and losses, you are partners in a partnership, whether or not you have a formal partnership agreement. Do not use Schedule C or C-EZ. Instead, file Form 1065. See Pub. 541 for more details.

**Exception.** If you and your spouse wholly own an unincorporated business as community property under the community property laws of a state, foreign country, or U.S. possession, you may treat the business either as a sole proprietorship or a partnership. The only states with community property laws are Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, and Wisconsin. A change in your reporting position will be treated as a conversion of the entity.

**Single-Member Limited Liability Company (LLC).** Generally, a single-member domestic LLC is not treated as a separate entity for Federal income tax purposes. If you are the sole member of a domestic LLC, file Schedule C or C-EZ for Schedule E or F, if applicable. However, you may elect to treat a domestic LLC as a corporation. See Form 8832 for details on the election, and the tax treatment of a foreign LLC.

**Heavy Highway Vehicle Use Tax.** If you use certain highway trucks, tractors, tractors-trailers, or buses in your trade or business, you may have to pay a Federal highway motor vehicle use tax. See the instructions for Form 2290 to find out if you owe this tax.

**Information Returns.** You may have to file information returns for wages paid to employees, certain payments of fees and other nonemployee compensation, interest, rents, royalties, real estate transactions, annuities, and pensions. You may also have to file an information return if you sold \$5,000 or more of consumer products to a person on a buy-sell, deposit-commission, or other similar basis for resale. For details, see the 2003

90-22.1 by visiting the IRS website at [www.irs.gov/pub/irs-soi/0202-1.pdf](http://www.irs.gov/pub/irs-soi/0202-1.pdf). If you checked the "Yes" box on line 7a, file Form TD F 90-22.1 by June 30, 2004, with the Department of the Treasury at the address shown on that form. Do not attach it to Form 1040.

## Line 7b

If you checked the "Yes" box on line 7a, enter the name of the foreign country or countries in the space provided on line 7b. Attach a separate statement if you need more space.

## Line 8

### Foreign Trusts

If you received a distribution from a foreign trust, you must provide additional information. For this purpose, a loan of cash or marketable securities generally is considered to be a distribution. See Form 3520 for details.

If you were the grantor of, or transferor to, a foreign trust that existed during 2003, you may have to file Form 3520.

**Exceptions.** Check the "No" box if any of the following applies to you.

- The combined value of the accounts was \$10,000 or less during the whole year.
- The accounts were with a U.S. military banking facility operated by a U.S. financial institution.
- You were an officer or employee of a commercial bank that is supervised by the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, or the Federal Deposit Insurance Corporation; the account was in your employer's name; and you did not have a personal financial interest in the account.
- You were an officer or employee of a domestic corporation with securities listed on national securities exchanges or with assets of more than \$1 million and 500 or more shareholders of record; the account was in your employer's name; you did not have a personal financial interest in the account; and the corporation's chief financial officer has given you written notice that the corporation has filed a current report that includes the account.

See Form TD F 90-22.1 to find out if you are considered to have an interest in or signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account). You can get Form TD F 90-22.1 from the IRS.

## Part III. Foreign Accounts and Trusts

### Lines 7a and 7b

#### Foreign Accounts

##### Line 7a

Check the "Yes" box on line 7a if either 1 or 2 next applies.

1. You own more than 50% of the stock in any corporation that owns one or more foreign bank accounts.
2. At any time during the year you had an interest in or signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account).

Note. Item 2 does not apply to foreign securities held in a U.S. securities account.

If you received dividends as a nominee, you must give the actual owner a Form 1099-DIV unless the owner is your spouse. You must also file a Form 1099-DIV with the IRS. For more details, see the General Instructions for Forms 1099, 1098, 5498, and W-2G and instructions for Form 1099-DIV.

## Part III. Foreign Accounts and Trusts

### Lines 7a and 7b

#### Foreign Accounts

##### Line 7a

Check the "Yes" box on line 7a if either 1 or 2 next applies.

1. You own more than 50% of the stock in any corporation that owns one or more foreign bank accounts.
2. At any time during the year you had an interest in or signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account).

Note. Item 2 does not apply to foreign securities held in a U.S. securities account.

or less on leased property (other than a vehicle), its look on this line any amount. See Pub. 946 to figure the amount.

## Part II. Expenses

**Capitalizing Costs of Property.** If you provided real or tangible personal property or acquired property for resale, certain expenses attributable to the property generally must be included in inventory costs or capitalized. In addition to direct costs, property of an entity, property generally must also include part of certain indirect costs in your inventory. Purchases of personal property acquired for resale must include part of certain indirect costs in inventory only if the average annual gross receipts for the 3 prior tax years exceed \$10 million. Also, you must capitalize part of the indirect costs that benefit real or tangible personal property contained for use in a trade or business, or nonexempt property produced for sale to customers. See the amounts on lines 8-26 and Part V by amounts capitalized. For details, see Pub. 538.

**Exception for Certain Producers.** Producers who account for inventoriable items in the same manner as materials and supplies that are not inventoriable currently, but who incur expenditures for direct labor and indirect costs that would otherwise be included in inventory costs. See Cost of Goods Sold on page C-6 for more details.

**Exception for Creative Property.** If you are an artist, author, or photographer, you may be exempt from the capitalization rules. However, your personal efforts must have created or substantially contributed to the creation of the property. This exception does not apply to any expense related to printing, photographic plates, motion picture films, video tapes, or similar items. These expenses are subject to the capitalization rule. For details, see Pub. 538.

## Line 9

You can deduct the actual expenses of running your car or truck or take the standard mileage rate. You must use a dual odometer if you used your vehicle for hire (such as a taxicab) or you used more than one vehicle simultaneously in your business (such as in fleet operations). You cannot use actual expenses for a leased vehicle if you previously used the standard mileage rate for that vehicle.

You can take the standard mileage rate for 2003 only if you:

- Owned the vehicle and use the standard mileage rate for the first year you placed the vehicle in service; or
- Leased the vehicle and are using the standard mileage rate for the entire lease period (except the period, if any, before 1998).

your trade or business that were properly shown on Forms 1099-MISC. If the total amount that were reported in box 7 of Forms 1099-MISC are more than the total you are reporting on line 1, attach a statement explaining the difference.

**Statutory Employees.** If you received a Form W-2 and the "Statutory employee" box on line 13 of that form was checked, report your income and expenses related to that income on Schedule C or C-EZ. Enter your statutory employee income from box 1 of Form W-2 on line 1 of Schedule C or C-EZ and check the box on that line. Social Security and Medicare tax should have been withheld from your earnings; there fore, you do not owe self-employment tax on these earnings. Statutory employees include full-time life insurance agents, certain traveling salespersons, and certain home workers.

If you had both self-employment income and statutory employee income, you must report both on Schedule C. Do not combine Schedule C-EZ with these amounts on a single Schedule C.

**Installment Sales.** Generally, the installment method may not be used to report income from the sale of (a) personal property regularly sold under installment sales contracts to customers. But the installment method may be used to report income from sales of certain residential lots and timbers if you elect to pay interest on the tax due on that income after the year of sale. See section 453(h)(2)(B) for details. If you make this election, include the interest on Form 1040, line 60. Also, enter "453(h)(3)" and the amount of the interest on the dotted line to the left of line 60.

If you use the installment method, attach a schedule to your return showing separately for 2003 and the 3 preceding years: gross sales, cost of goods sold, gross profit, percentage of gross profit to gross sales, amounts collected, and gross profit on amounts collected.

## Line 6

Report on line 6 amounts from finance receivable income, swap sales, bad debts you recovered, interest (such as on notes and accounts receivable), state gasoline or fuel tax refunds you got in 2003, credit for fuel tax paid on gasoline or other fuels claimed on your 2002 Form 1040, prizes and awards related to your trade or business, and other kinds of miscellaneous business income. Include amounts you received in your trade or business as shown on Form 1099-PATR. Also, include any recapture of the deduction for clean-fuel vehicle use in your business and clean-fuel vehicle rebating property. For details, see Pub. 538.

If the business use percentage of any listed property (defined in the instructions for line 13 on page C-4) decreased to 50% or less in 2003, report on this line any recapture of excess depreciation. See the instructions for Form 4797 to figure the recapture. Also, if the business use percentage drops to 50%

7. Based on all the facts and circumstances, you participated in the activity on a regular, continuous, and substantial basis during the tax year. But you do not meet this test if you participated in the activity for 100 hours or less during the tax year. Your participation in managing the activity does not count in determining if you meet this test if any person (except you) (a) received compensation for performing management services in connection with the activity or (b) spent more than 100 hours during the tax year in performing the activity. If you are in a partnership with the activity, regardless of whether the person was compensated for the services.

**Rental of Personal Property.** A rental activity (such as long-term equipment lease) is a passive activity even if you materially participated in the activity. However, if you met any of the five exceptions listed under Rental Activities in the Instructions for Form 8582, a rental of the property is not treated as a rental activity and the material participation rules above apply.

**Exception for Oil and Gas.** If you are (a) a partner in an oil or gas well in which you own a working interest directly or through an entity that does not limit your liability, check the "Yes" box. The activity of owning the working interest is not a passive activity regardless of your participation.

**Limit on Losses.** If you checked the "No" box and you have a loss for this business, you have a loss for Form 8582 to figure your allowable loss, if any, to enter on Schedule C, line 31. Generally, you can deduct losses from passive activities only to the extent of income from passive activities. For details, see Pub. 925.

## Line H

If you started or acquired this business in 2003, check the box on line H. Also check the box if you are preparing or starting this business after temporarily closing it, and you did not file a 2002 Schedule C or C-EZ for this business.

## Part I. Income

Except as otherwise provided in the instructions, Schedule C, gross income includes income from whatever source derived. Gross income, however, does not include extraterritorial income that is qualifying foreign trade income. Use Form 8875 to figure the extraterritorial income exclusion. Report it on Schedule C as explained in the instructions for Form 8875.

## Line 1

Enter gross receipts from your trade or business. Include amounts you received in

work does not matter. However, work is not treated as participation in the activity if an owner would not customarily do in the same type of activity and one of your main reasons for doing the work was to avoid the disallowance of losses or credits from the activity under the passive activity rules.

Work you did as an investor in an activity is not treated as participation unless you were directly involved in the day-to-day management of operations of the activity. Work done as an investor includes:

1. Studying and reviewing financial statements or reports on the activity.
2. Preparing or compiling summaries or analyses of the finances or operations of the activity for your own use, and
3. Monitoring the finances or operations of the activity in a nonmanagerial capacity.

Participation by your spouse during the tax year in an activity you own can be counted as your participation in the activity. This applies even if your spouse did not own an interest in the activity and whether or not you and your spouse file a joint return.

For purposes of the passive activity rules, you materially participated in the operation of this trade or business activity during 2003 if you met any of the following seven tests:

1. You participated in the activity for more than 500 hours during the tax year.
2. You participated in the activity for the entire year, and you, your spouse, or individuals (including individuals who did not own any interest in the activity) for the tax year.
3. You participated in the activity for more than 100 hours during the tax year, and you participated at least as much as any other person for the tax year. This test applies to individuals who did not own any interest in the activity.
4. The activity is a significant and substantial activity for the tax year, and you participated in all significant and substantial activities for more than 500 hours during the year. An activity is a significant and substantial activity if it involves the conduct of a trade or business, you participated in the activity for more than 100 hours during the tax year, and you did not materially participate under any of the material participation tests (other than this test).
5. You materially participated in the activity for any 5 of the prior 10 tax years.
6. The activity is a materially passive activity in which you materially participated for any 3 prior tax years. A materially passive activity is an activity that involves performing personal services in the fields of health, law, engineering, architecture, accounting, actuarial science, performing arts, consulting, or any other trade or business in which capital is not a material income-producing factor.

the close of the year, it may not be deductible or may be deductible only in part for the year of the payment. See Pub. 535.

If you use the accrual method, report income when you earn it and deduct expenses when you incur them even if you do not pay them during the tax year. Accrual basis taxpayers are put on a cash basis for deducting business expenses. Other rules determine the timing of deductions used on economic performance. See Pub. 538.

To change your accounting method, you generally must file Form 3115. You may also have to make an adjustment to your books, records, and accounts. This is called a section 481(a) adjustment.

**Example.** You change to the cash method of accounting and choose to account for inventory items in the same manner as materials and supplies that are not inventory. You accrued sales in 2002 for which you received payment in 2003. You must report those sales in both years as a result of changing your accounting method and must make a section 481(a) adjustment to prevent duplication of income.

A net negative section 481(a) adjustment is taken into account entirely in the year of the change. A net positive section 481(a) adjustment is taken into account over periods of 4 years. Include any net positive section 481(a) adjustments on line 6. If the net section 481(a) adjustment is negative, report it in Part V.

For details on figuring section 481(a) adjustments, see Rev. Proc. 2002-9, Rev. Proc. 2002-19, and Rev. Proc. 2002-54. You can find Rev. Proc. 2002-9 on page 327 of Internal Revenue Bulletin 2002-3 at [www.irs.gov/pub/irs-bul02-03.pdf](http://www.irs.gov/pub/irs-bul02-03.pdf), Rev. Proc. 2002-19 on page 696 of Internal Revenue Bulletin 2002-13 at [www.irs.gov/pub/irs-bul02-13.pdf](http://www.irs.gov/pub/irs-bul02-13.pdf), and Rev. Proc. 2002-54 on page 262-265 of Internal Revenue Bulletin 2002-35 at [www.irs.gov/pub/irs-bul02-35.pdf](http://www.irs.gov/pub/irs-bul02-35.pdf).

## Line G

If your business activity was not a rental activity and you met any of the material participation tests below or the exception for oil and gas applies (explained on page 10 of the instructions), check the "Yes" box. Otherwise, check the "No" box. If you checked the "No" box, this business is a passive activity. If you have a loss from this business, see Limit on Losses on page C-3.

If you have a profit from this business activity but have current year losses from other passive activities or you have prior year unallowed passive activity losses, see the Instructions for Form 8582.

**Material Participation.** Form 8582, for purposes of the seven material participation tests listed below, generally includes any work you did in connection with an activity if you owned an interest in the activity at the time you did the work. The capacity in which you did the

## Specific Instructions

**Files of Form 1041.** Do not complete the back of the Social Security Administration Form 1041-SSS (or other identification number (EIN)) on line D.

## Line A

Describe the business or professional activity that provided your principal source of income reported on line 1. If you owned more than one business, you must complete a separate Schedule C for each business. Give the general or suitable name of the product or service, or the retail trade or services connected with production services (mining, construction, or manufacturing), also give the type of customer or client. For example, "wholesale sale of hardware in a retail" or "appraisal of real estate for lending institutions."

## Line D

You need an EIN only if you had a qualified retirement plan, were an independent contractor, or were an estate, trust, or other entity that files Schedule C. You also need an EIN for alcohol, tobacco, and firearms tax returns. If you need an EIN, file Form SS-4. If you do not have an EIN, leave line D blank. Do not enter your SSN.

## Line E

Enter your business address. Show a street address instead of a box number. Include the suite or room number, if any. Do not include a P.O. box. If your business home is listed at the address shown on Form 1040, page 1, you do not have to complete this line.

## Line F

Generally, you can use the cash method, accrual method, or any other method permitted by the Internal Revenue Code. In all cases, the method used must clearly reflect income. Unless you are a qualified business taxpayer, you must use the actual method for sales and purchases of inventory items. See the Part III instructions on page C-6 for the definition of a qualifying taxpayer and a qualifying small business taxpayer. Special rules apply to long-term contracts. See section 460 for details.

If you use the cash method, show all amounts of taxable income actually or constructively received during the year (on cash, property, or services). Income is constructively received when it is credited to your account or set aside for you to use. Also, show amounts actually paid during the year for deductible expenses. However, if the payment of an expenditure creates an asset having a useful life that extends substantially beyond

**expenses only if you did not pay or incur meal expenses on a day you were traveling away from your tax home.** The amount of the deduction is \$2 a day for the period from January 1 through October 31, 2003, and \$3 a day for the period from November 1 through December 31, 2003. Incidental expenses for meals and tips are not deductible. However, the following are not deductible: alcoholic beverages, other meals, alcoholic beverages, and other meals on ships, and hotel servants in foreign countries. They do not include expenses for laundry, cleaning and pressing of clothing, lodging taxes, or the costs of telegrams or telephone calls. You cannot use this method on any day that you use the standard meal allowance (as explained in the instructions for lines 24b and 24c).

You cannot deduct expenses for attending a foreign convention unless it is directly related to your trade or business and it is reasonable for the meeting to be held outside the North American area as within these rules apply to both employees and employers. Other rules apply to luxury water travel.

For details, see Pub. 463.

**Lines 24b and 24c**

On line 24b, enter your total business meal and entertainment expense. Include meals and expenses while traveling away from home for business. Instead of the actual cost of your meals while traveling away from home, you may use the standard meal allowance. For daily meals and incidental expenses, use this method. Under this method, you deduct a specified amount, depending on where you travel, instead of keeping records of your actual meal expenses. However, you must still keep records to prove the time, place, and business purpose of your travel.

The standard meal allowance in the Fed and M&IE rate. You can find these rates on the Internet at [www.policyworks.gov/](http://www.policyworks.gov/). See **Item Rates for the period January 1, 2003–September 30, 2003** and **2004 Domestic Per Diem Rates for the period October 1, 2003–December 31, 2003**. For locations outside the continental United States, the applicable rates are published monthly. You can find these rates on the Internet at [www.state.gov/mia/diatrip/0303/](http://www.state.gov/mia/diatrip/0303/).

See Pub. 463 for details on how to figure your deduction using the standard meal allowance, including special rules for partial days of travel.

Business meal expenses are deductible only if they are (a) directly related to or associated with the active conduct of your trade or business; (b) not lavish or extravagant; and (c) incurred while you or your employee is present at the meal.

You cannot deduct any expense paid or incurred for a facility (such as a yacht or hunting lodge) used for any activity usually considered entertainment, amusement, or recreation.

Also, you cannot deduct membership dues for any club organized for business, pleasure, recreation, or other social purposes.

**Line 23**

You can deduct the following taxes and licenses on this line.

- State and local sales taxes imposed on you as the seller of goods or services. If you collected this tax from the buyer, you must also include the amount collected in gross receipts or sales on line 1.
- Real estate and personal property taxes on business assets.
- Licenses and regulatory fees for your trade or business paid each year to a state or local government. But some licenses, such as liquor licenses, may have to be amortized. See Pub. 535 for details.
- Social security and Medicare taxes paid to match required withholding from your employees' wages. Also, Federal unemployment tax paid. Reduce your deduction by the amount of the current year credit shown on line 4 of Form 8846.
- Federal highway use tax.

Do not deduct the following on this line.

- Federal income taxes, including your self-employment tax. However, you may deduct one-half of your self-employment tax on Form 1040, line 28.
- Estate and gift taxes.
- Taxes assessed to pay for improvements, such as paving and sewers.
- Taxes on your home or personal use property.
- State and local sales taxes on property purchased for use in your business. Instead, treat these taxes as part of the cost of the property.
- State and local sales taxes imposed on the sale of your car or boat. Instead, deduct and pay over to state or local governments. These taxes are not included in gross receipts. However, if the state or local government allowed you to retain any part of the sales tax you collected, you must include that amount as income on line 6.
- Other taxes and license fees not related to your business.

**Line 24a**

Enter your expenses for lodging and transportation connected with overnight travel for business while away from your tax home. Generally, your tax home is your main place of business regardless of where you maintain your family home. You cannot deduct expenses paid or incurred in connection with employment away from home if that period of employment exceeds 1 year. Also, you cannot deduct travel expenses if you are not an independent contractor or your employee. The travel is for a bona fide business purpose, and the expenses would otherwise be deductible by that person.

Do not include expenses for meals and entertainment on this line. Instead, see the instructions for lines 24b and 24c on this page.

Instead of keeping records of your actual incidental expenses, you can use an optional method for deducting incidental

requirement is not affected by whether or not the plan qualified under the Internal Revenue Code, or whether or not you claim a deduction for the current tax year. There is a penalty for failure to timely file these forms.

**Form 5500.** File this form for a plan that is not a one-participant plan (see below).

**Form 5500-EZ.** File this form for a one-participant plan. A one-participant plan is a plan that only covers you (or you and your spouse).

For details, see Pub. 540.

**Lines 20a and 20b**

If you rented or leased vehicles, machinery, or equipment, enter on line 20a the business portion of your rental cost. But if you leased a vehicle for a term of 30 days or more, you may have to reduce your deduction by an amount called the inclusion amount.

You may have to do this if—

The lease began during...	And the vehicle is used primarily to lease provided...
2003	..... \$18,000
1999 through 2002	..... 15,500
1997 or 1998	..... 15,800
1995 or 1996	..... 15,500

If the lease term began before 1995, see Pub. 463 to find out if you have an inclusion amount.

See Pub. 463 to figure your inclusion amount.

Enter on line 20b amounts paid to rent or lease other property, such as office space in a building.

**Line 21**

Deduct the cost of repairs and maintenance, including labor, supplies, and other items that do not add to the value or increase the life of the property. Do not deduct the value of your own labor. Do not deduct amounts spent to restore or replace property; they must be capitalized.

**Line 22**

Generally, you can deduct the cost of supplies only to the extent you actually consumed and used them in your business during the tax year (unless you deducted them in a prior tax year). However, if you had incidental supplies on hand for which you kept no inventories or records of use, you may deduct the cost of supplies you actually purchased during the tax year, provided that method clearly reflects income.

earnings due to sickness or disability. For details, see Pub. 535.

**Lines 16a and 16b**

**Interest Allocation Rules.** The tax treatment of interest expense differs depending on its type. For example, home mortgage interest and investment interest are treated differently. "Interest allocation" rules require you to allocate (classify) your interest expense so it is deducted (capitalized) on the correct line of your return and receives the right tax treatment. These rules could affect the amount of interest that is allowed to deduct on Schedule C or C-EZ.

Generally, you allocate interest expense by tracing it to the specific needs of the loan were used. See Pub. 535 for details.

If you paid interest on a debt secured by your main home and any of the proceeds from that debt were used in connection with your business, see Pub. 535 to figure the amount that is deductible on Schedule C or C-EZ.

**How To Report.** If you have a mortgage on real property used in your business (other than a second home), you must report the interest you paid for 2003 to bank or other financial institutions for which you received a Form 1098 (or similar statement). If you did not receive a Form 1098, enter the interest on line 16b.

If you paid more mortgage interest than is shown on Form 1098, see Pub. 535 to find out if you can deduct the additional interest. If you can, include the amount on line 16a. Attach a statement to your return explaining the difference and enter "See attached" in the margin next to line 16a.

If you and at least one other person (other than your spouse if you file a joint return) were liable for and paid interest on the mortgage and the other person received the Form 1098, include your share of the interest on line 16b. Attach a statement to your return explaining the difference and enter "See attached" in the margin next to line 16b, enter "See attached."

**Line 17**

If you paid interest in 2003 that applies to future years, deduct only the part that applies to 2003.

**Line 18**

Deduct contributions to employee benefit programs that are an integral part of a pension, profit-sharing, or annuity plan, or a plan that is not an employee benefit plan. Examples are accident and health plans, group-term life insurance, and dependent care assistance programs.

Do not include on line 18 any contributions you made on your behalf as a self-employed person to an accident and health plan or for group-term life insurance. You may be able to deduct on Form 1040, line 29, the amount you paid for health insurance on behalf of yourself, your spouse, and dependents, even if you do not itemize your deductions. See the instructions for Form 1040, line 29, for details.

**Line 19**

Deduct premiums paid for business insurance on line 15. Deduct on line 14 amounts paid for employee accident and health insurance. Do not deduct amounts credited to a reserve for self-insurance or premiums paid for a policy that pays for your lost

**When To Attach Form 4562.** You must complete and attach Form 4562 only if:

- You are claiming depreciation on property placed in service during 2003.
  - You are claiming depreciation on leased property (defined below), regardless of when it was placed in service, or on personal depreciable property for the first time in 2003; see Pub. 946 for details.
  - You are claiming a section 179 expense deduction for depreciable property for the first time in 2003; see Pub. 946 for details.
  - Landed property generally includes, but is not limited to:
    - Passenger automobiles weighing 6,000 pounds or less;
    - Any other property used for transportation if the nature of the property lends itself to personal use, such as motorcycles, pickup trucks, etc.;
    - Any property used for entertainment or recreational purposes (such as photographic, photographic, communication, and video recording equipment);
    - Cellular telephones or other similar telecommunications equipment; and
    - Computers or peripheral equipment.
- Exceptions. Listed property does not include photographic, photographic, communication, or video equipment used exclusively in your trade or business or at your regular business establishment. It also does not include any computer or peripheral equipment used exclusively at a regular business establishment and owned or leased by that establishment for business purposes. For purposes of these exceptions, a portion of your home is treated as regular business establishment only if that portion meets the requirements under section 280A(c)(1) for deducting expenses for a business use of your home.
- See the instructions for line 6 on page C-3 for the instructions for percentage of any leased property decreased to 50% or less in 2003.

**Line 14**

Deduct contributions to employee benefit programs that are an integral part of a pension, profit-sharing, or annuity plan, or a plan that is not an employee benefit plan. Examples are accident and health plans, group-term life insurance, and dependent care assistance programs.

Do not include on line 14 any contributions you made on your behalf as a self-employed person to an accident and health plan or for group-term life insurance. You may be able to deduct on Form 1040, line 29, the amount you paid for health insurance on behalf of yourself, your spouse, and dependents, even if you do not itemize your deductions. See the instructions for Form 1040, line 29, for details.

**Line 15**

Deduct premiums paid for business insurance on line 15. Deduct on line 14 amounts paid for employee accident and health insurance. Do not deduct amounts credited to a reserve for self-insurance or premiums paid for a policy that pays for your lost

**Line 11**

Enter the total cost of contract labor for the tax year. Do not include contract labor described elsewhere on your return, such as contract labor that you included in Part III. Also, do not include salaries and wages paid to your employees; instead see line 26.

**Line 12**

Enter your deduction for depletion on this line. If you have timber depletion, attach Form T. See Pub. 535 for details.

**Line 13**

**Depreciation and Section 179 Expense Deduction.** Depreciation is the cost or other basis of business or investment property having a useful life substantially beyond the tax year. You can also depreciate improvements made to leased business property. However, stock in trade, inventories, and land are not depreciable. Depreciation starts when you first use the property in your business or for the production of income. You must take the property out of service when you stop using it for cost or other basis, or no longer use the property in your business or for the production of income. You may also elect under section 179 to expense part of the cost of certain property you bought in 2003 for use in your business. See the instructions for Form 4562 to figure the amount to enter on line 13.

- Qualified revitalization expenditures.
- Amounts paid to acquire, protect, expand, register, or defend trademarks or trade names.
- Goodwill and certain other intangibles.

In general, you may not amortize real property construction period interest and taxes. Special rules apply for allocating interest to real or personal property produced in your trade or business:

**At-Risk Loss Deduction.** Any loss from this activity that was not allowed as a deduction in a prior year because of the at-risk rules is treated as a deduction allowable to this activity in 2003.

**Capital Construction Fund.** Do not claim amounts contributed to a capital construction fund set up under the Merchant Marine Act of 1936. Instead, reduce the amount you would otherwise enter on Form 1040, line 40, by the amount of the deduction. Next to line 40, enter "CCF" and the amount of the deduction. For details, see Pub. 595.

**Deduction for Clean-Paid Vehicles and Clean-Fuel Vehicle Refueling Property.** You may deduct part of the cost of qualified clean fuel vehicle property used in your business and qualified clean fuel vehicle refueling property. See Pub. 535 for details.

**Disabled Access Credit and the Deduction for Remedial Barriers to Individuals With Disabilities and the Elderly.** You may be able to claim a tax credit of up to \$5,000 for eligible expenditures paid or incurred in 2003 to provide access to your business for individuals with disabilities. See Form 8824 for details. You can also deduct up to \$15,000 of costs paid or incurred in 2003 to remove architectural or transportation barriers to individuals with disabilities and the elderly. However, you cannot take both the credit and the deduction on the same expenditures.

method of accounting and enter the result on line 35. If there is a difference between last year's closing inventory and the required amount, attach an explanation and take it into account when figuring your section 481(e) adjustment. See the example on page C-2 for details.

**Line 41**

If you account for inventory items in the same manner as materials and supplies that are not incidental, enter on this line the amount of any loss from the sale of inventory on line 40 and were not sold during the year.

**Part V. Other Expenses**

Include all ordinary and necessary business expenses not deducted elsewhere on Schedule C. List the type and amount of each expense separately in the space provided. Enter the total on lines 48 and 27. Do not include the cost of business equipment or furniture, replacements or improvements to property, or personal, living, and family expenses. Do not include charitable contributions. Also, you may not deduct fines or penalties paid to a government for violating any law. For details on business expenses, see Pub. 535.

**Amortization.** In his amortization in this Part. For amortization that begins in 2003, you must complete and attach Form 4542. You may amortize:

- The cost of pollution-control facilities.
- Amounts paid for research and experimentation.
- Certain business startup costs.
- Qualified forestation and reforestation costs. See Pub. 535 for limitations.

and (e) whose principal business activity is not a negligible activity as explained in Rev. Proc. 2002-28, 2002-18 IRB 8-315. You can find Rev. Proc. 2002-28 on page 815 of Internal Revenue Bulletin 2002-18 at [www.irs.gov/pub/irs-irb/02-18.pdf](http://www.irs.gov/pub/irs-irb/02-18.pdf).

Under this accounting method, inventory costs for raw materials purchased for use in producing finished goods and merchandise are sold but not before the year you paid for the raw materials or merchandise. If you are also using the cash method, enter amounts paid for all raw materials and merchandise during 2003 on line 30. The amount you can deduct for 2003 is figured on line 42.

**Additional information.** For additional guidance on this method of accounting for inventory items, see Rev. Proc. 2001-10, 2001-2 IRB 2-72; if you are a qualifying taxpayer or Rev. Proc. 2002-28 if you are a qualifying small business taxpayer. You can find Rev. Proc. 2001-10 at [www.irs.gov/pub/irs-irb/01-10-02.pdf](http://www.irs.gov/pub/irs-irb/01-10-02.pdf), and Rev. Proc. 2002-28 on page 814 of Internal Revenue Bulletin 2002-18 at [www.irs.gov/pub/irs-irb/02-18.pdf](http://www.irs.gov/pub/irs-irb/02-18.pdf).

**Note.** Certain direct and indirect expenses may have to be capitalized or included in inventory. See the instructions for Part II beginning on page C-3.

**Line 33**

Your inventories can be valued at cost, cost or market value, whichever is lower. However, you are required to use cost if you are using the cash method of accounting.

**Line 35**

If you are changing your method of accounting beginning with 2003, refigure last year's closing inventory using your new method. See the instructions for Part II beginning on page C-3.

**Principal Business or Professional Activity Codes**

Select the category that best describes your primary business activity (for example, Real Estate). Then select the activity that best describes the principal business activity for the activity code assigned to that activity (for example, Real Estate). Now find the six-digit code assigned to this activity (for example, 531210, the code for office furniture).

<b>Accommodation, Food Services, &amp; Drinking Places</b>	721310 Rooming & boarding houses	<b>Administrative &amp; Support Activities</b>	561690 Investigation & security services	<b>Waste Management &amp; Remediation Services</b>	561300 Other support services (including packaging, consulting, & trade show company)
<b>Accommodation</b>	721210 RV (recreational vehicles) and motorhome parks	<b>Administrative &amp; Support Services</b>	561720 Janitorial services	<b>Waste Management &amp; Remediation Services</b>	562200 Waste management & remediation services
<b>Food Services &amp; Drinking Places</b>	721100 Travel accommodation (including hotels, motels, & bed & breakfast inns)	561400 Business services (including private mail centers & copy shops)	561170 Landscaping services	<b>Agriculture, Forestry, Hunting, &amp; Fishing</b>	112800 Hunting & trapping (including hunting & trap tags)
<b>Food Services &amp; Drinking Places</b>	722210 Drinking places (alcoholic beverages)	561740 Carpet & upholstery cleaning services	561420 Telephone call centers (including telephone answering services)	114110 Forestry & logging (including forest nurseries & timber tract)	114210 Hunting & trapping
<b>Food Services &amp; Drinking Places</b>	722310 Limited-service eating places	561490 Credit bureaus	561500 Travel arrangement services (excluding tour services)		
<b>Food Services &amp; Drinking Places</b>	722410 Special food services (including food service concession & catering)	561410 Document preparation services	561499 Other business support activities (including business consulting, information services, cost estimation, & other types)		
		561300 Employment services	561790 Other services to buildings & equipment		
		561710 Environmental services (including waste disposal services)			
		561210 Information services			

Check box 32b if you have amounts for which you are at risk in the business, such as the following:

- Nonrecourse loans used to finance the business, to acquire property used in the business, or to acquire the business (other than property used in the business). However, there is an exception for certain non-recourse financing borrowed by you in connection with holding real property.
- Cash, property, or borrowed amounts used in the business (or contributed to the business) or used to acquire the business) that are pledged against the business (or other similar arrangement including casualty insurance and insurance against tort liability).
- Amounts borrowed for use in the business from a person who has an interest in the business (other than as a creditor, or who is related under section 465(b)(3) to a person (other than you) having such an interest).

If all amounts are at risk in this business, check box 32a and enter your line on line 31. But if you answered "No" to Question G, you may need to complete Form 8582 to figure your deductible loss. See the instructions for Form 8582 for details.

If you checked box 32b, see Form 6198 to determine the amount of your deductible loss. But if you answered "No" to Question G, your loss may be further limited. See the instructions for Form 8582. If your at-risk amount is zero or less, enter zero on line 31. You are treated as having zero at-risk to your return for 2003 if you checked box 32b and you do not file Form 6198. The carrying-over of your tax return may be delayed.

Any loss from this business that is allowed for 2003 because of the at-risk rules is treated as a loss from the business for 2004. For details, see the instructions for Form 6198 and Pub. 425.

**Part III. Cost of Goods Sold**

Generally, if you engaged in a trade or business in which the producer, purchaser, or sale of merchandise was an income-producing factor, you must take inventories into account at the beginning and end of your tax year.

However, if you are a qualifying taxpayer on a qualifying small business tax return, you may account for inventory items in the same manner as materials and supplies that are not incidental. To change your accounting method, see the instructions for line F on page C-2.

A qualifying taxpayer is a taxpayer (a) whose average annual gross receipts for the 3 prior tax years are \$1 million or less and (b) whose business is not a tax shelter (as defined in section 448(d)(3)).

A qualifying small business taxpayer is a taxpayer (a) whose average annual gross receipts for the 3 prior tax years are more than \$1 million but not more than \$10 million, (b) whose business is not a tax shelter (as defined in section 448(d)(3)),

**Line 26**

Enter the total salaries and wages for the business. Do not include salaries and wages deducted elsewhere on your return or amounts paid to yourself. Reduce your deduction by the current year credits claimed on:

- Form 5384, Work Opportunity Credit.
- Form 5344, Empowerment Zone and Renewal Community Employment Credit.
- Form 8843, Indian Employment Credit.
- Form 8841, Welfare-to-Work Credit, and
- Form 8864, New York Liberty Zone Business Employee Credit.

**EXEMPTION**

If you provided taxable fringe benefits to your employees, such as personal use of a car, do not deduct as wages the amount applicable to depreciation and other expenses claimed elsewhere.

**Line 30**

**Business Use of Your Home.** You may be able to deduct certain expenses for business use of your home, subject to limitations. You must attach Form 8829 if you claim this deduction. For details, see the instructions for Form 8829 and Pub. 597.

**Line 31**

If you have a loss, the amount of loss you can deduct this year may be limited. Go to line 32 before entering your loss on line 31. If you answered "No" to Question G on Form 8582, enter the net profit or deductible loss here. Combine this amount with any profit or loss from other businesses, and enter the total on Form 1041, line 12, and Schedule SE, line 2. Estates and trusts should enter the total on Form 1041, line 3.

If you have a net profit on line 31, this amount is earned income and may qualify you for the earned income credit. See the instructions for Form 1040, line 63, for details.

**Statutory Employees.** Include your net profit or deductible loss from line 31 with other Schedule C amounts on Form 1040, line 12. However, do not report this amount on Schedule SE, line 2, if you are required to file Schedule SE because of other self-employment income, see the instructions for Schedule SE.

**Line 32**

**At-Risk Rules.** Generally, if you have (a) a business loss and (b) amounts in the business for which you are not at risk, you will need to complete Form 6198 to figure your allowable loss. The at-risk rules generally limit the amount of loss (including basis on the disposition of assets) you can claim to the amount you could actually lose in the business.

ness. This includes country clubs, golf and athletic clubs, private and hotel clubs, and clubs operated to provide meals under conditions favorable to business discussion. But a dues or membership club or public access organization, professional organization, fraternal organization, labor organization (such as bar and medical associations), business league, trade association, chamber of commerce, board of trade, and real estate board, unless a principal purpose of the organization is to entertain, or provide entertainment facilities for, members or other guests.

There are exceptions to these rules as well as other rules that apply to sky box rentals and tickets to entertainment events. See Pub. 463.

Generally, you may deduct only 50% of your business entertainment expenses, such as including meals incurred with away from home business. For individuals (not S corporations), the Department of Transportation (DOT) hours of service limits, that percentage is increased to 65% for business meals consumed during, or in direct to, any period of duty for which those limits are in effect. Individuals subject to the DOT hours of service limits include the following persons:

- Certain air transportation workers (such as pilots, crew, dispatchers, mechanics, and control tower operators) who are under Federal Aviation Administration regulations.
- Interstate truck operators who are under DOT regulations.
- Certain merchant mariners who are under Coast Guard regulations.

However, you may fully deduct meals, incidentals, and entertainment furnished or reimbursed to an employee if you properly treat the expense as wages subject to withholding. You may also fully deduct meals, incidentals, and entertainment provided to a nonemployee to the extent the expenses are includable in the gross income. (That same amount is reported on Form 1099-MISC.) See Pub. 535 for details and other exceptions.

If you provide day-care in your home, see Pub. 597 for information on deducting the cost of meals and snacks you provide to your day-care recipients.

Figure how much of the amount on line 26 is not deductible and enter that amount on line 2A.

**Line 25**

Deduct only utility expenses for your trade or business.

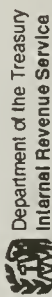
**Local Telephone Service.** If you used your home phone for business, do not deduct the base rate (including tax) of the first phone line into your residence. But you can deduct expenses for any additional costs you incurred for business that are more than the cost of the base rate for the first phone line. For example, if you had a second line, you can deduct the business percentage of the charge for that line, including the base rate charge.

Principal Business or Professional Activity Codes (continued)

Table with 3 columns: Code, Description, and Code. Categories include Support Activities for Agriculture & Forestry, Educational Services, Information, Manufacturing, Personal & Laundry Services, Health Care & Social Assistance, Construction of Buildings, Heavy and Civil Engineering Construction, Specialty Trade Contractors, and Wholesale and Retail Trade.

Principal Business or Professional Activity Codes (continued)

Table with 3 columns: Code, Description, and Code. Categories include Professional, Scientific, & Technical Services, Religious, Grantmaking, Civic, Professional, & Similar Organizations, Retail Trade, Wholesale Trade, and Wholesale and Retail Trade.



# 2003 Instructions for Schedule D Capital Gains and Losses

Department of the Treasury  
Internal Revenue Service

Use Schedule D (Form 1040) to report the following:  
• The sale or exchange of a capital asset (defined on this page) not reported on another form or schedule.  
• Gains from involuntary conversions (other than from casualty or theft) of capital assets not held for business or profit.  
• Capital gain distributions not reported directly on Form 1040, line 13a.  
• Nonbusiness bad debt.

Additional information. See Pub. 544 and Pub. 550 for more details. For a complete filing in an example of Schedule D, see Pub. 550.  
Section references are to the Internal Revenue Code unless otherwise noted.

## General Instructions

### Changes To Note

**Maximum Capital Gains Tax Rates.** The 20% maximum tax rate on net capital gain (the excess of net long-term capital gain over net short-term capital loss) has been reduced to 15%, and the 10% rate has been reduced to 5%, for sales and other dispositions after May 5, 2003 (and installment payments received after that date). The 25% rate on unrecaptured net long-term capital gain and the 30% rate on collectibles gain and section 1202 gain have not changed.

**Qualified Dividends.** Dividends paid by most domestic and 30% on capital gains by the new maximum capital gains tax rate of 15% (5% in some cases). Qualified dividends are reported on Form 1040, line 9b. For details, see the instructions for Form 1040, line 9b, on page 23.

**Qualified 5-Year Gain.** The 8% maximum capital gains tax rate for qualified 5-year gain has been eliminated for sales and other dispositions after May 5, 2003 (and installment payments received after that date). Instead, gain from these transactions will be taxed at the 5% maximum capital gains tax rate described above. See the instructions for line 35 on page D-10 for more details.

**24% Rate Gain.** Any 24% rate gain is now figured on a worksheet and entered on Schedule D, line 20. See the instructions for line 20, beginning on page D-8 for more details.

**Capital Loss Carryover Worksheet.** The Capital Loss Carryover Worksheet has been revised. See the instructions for Schedule D, line 16b. To figure your capital loss carryover in 2004, you will use a worksheet in the 2004 Instructions for Schedule D. See the instructions for line 18 on page D-7 for more details.

### Other Forms You May Have To File

- Use Form 4797 to report the following:
1. The sale or exchange of:
    1. Property used in a trade or business;
    2. Depreciable and amortizable property;
    3. Oil, gas, geothermal, or other mineral property; and
    4. Section 125 property.
  2. The involuntary conversion (other than for a casualty) of property used in a trade or business and capital assets held for business or profit.
  3. The disposition of noncapital assets other than inventory or property held primarily for sale to customers in the ordinary course of your trade or business.
  4. Ordinary loss on the sale, exchange, or worthlessness of small business investment company (section 1202) stock.
  5. Ordinary loss on the sale, exchange, or worthlessness of small business (section 1244) stock.
  6. Ordinary gain or loss on securities held in connection with your trading business, if you previously made a mark to market election. See **Traders in Securities** on page D-3.

Use Form 6781 to report gains and losses from section 1256 contracts and straddles.

Use Form 8824 to report like-kind exchanges. A like-kind exchange occurs when you exchange business or investment property for property of a like kind.

### Capital Asset

Most property you own and use for personal purposes, pleasure, or investment is a capital asset. For example, your house,

## Short-Term or Long-Term

Separate your capital gains and losses according to how long you held or owned the property. The holding period for short-term capital gains and losses is 1 year or less. The holding period for long-term capital gains and losses is more than 1 year. To figure the holding period, begin counting on the day after you received the property and include the day you disposed of it.

If you disposed of property that you acquired by inheritance, report the disposition as a long-term gain or loss, regardless of how long you held the property.

A nonbusiness bad debt must be treated as a short-term capital loss. See Pub. 550 for what qualifies as a nonbusiness bad debt and how to enter it on Schedule D.

## Capital Gain Distributions

These distributions are paid by a mutual fund (or other regulated investment company) or real estate investment trust from its net realized long-term capital gains. Distributions of net realized short-term capital gains are not treated as capital gain distributions; they are included on Form 1099-DIV as ordinary dividends.

Enter on line 13, column (f), the total capital gain distributions paid to you during the year, regardless of how long you held your investment. This amount is shown in box 2a of Form 1099-DIV.

If there is an amount in box 2b of Form 1099-DIV, check that amount on line 13, column (g).

If there is an amount in box 2c, include that amount on line 5 of the Qualified 5-Year Gain Worksheet on page D-10 if you complete line 35 of Schedule D.

If there is an amount in box 2d, include that amount on line 11 of the Unrecaptured Section 1250 Gain Worksheet on page D-7 if you complete line 19 of Schedule D.

**Exclusion of Gain on Qualified Small Business (QSB) Stock on Page D-4.**  
If there is an amount in box 2i, include that amount on line 3 of the 28% Rate Gain Worksheet on page D-8 if you complete line 20 of Schedule D.

If you received capital gain distributions as a partner (that is, they were paid to you but actually belong to someone else), report on line 13 only the amount that belongs to you. Attach a statement showing the full amount you received and the amount you received as a partner. See the instructions for Schedule D, line 13, for filing requirements for Form 1099-DIV and 1098.

## Sale of Your Home

If you sold or exchanged your main home, do not report it on your tax return unless your gain exceeds your exclusion amount. Generally, if you meet the two tests below, you can exclude up to \$50,000 of gain. If both you and your spouse meet these tests and you file a joint return, you can exclude up to

\$500,000 of gain (but only one spouse needs to meet the ownership requirement in Test 1).

**Test 1.** You owned and used the home as your main home for 2 years or more during the 5-year period ending on the date you sold or exchanged your home.

**Test 2.** You have not sold or exchanged another main home during the 2-year period ending on the date of the sale or exchange of your home.

Even if you do not meet one or both of the above two tests, you still can claim an exclusion if you sold or exchanged the home because of a change in place of employment, health, or certain unforeseen circumstances. In this case, the maximum amount of gain you can exclude is reduced.

See Pub. 523 for details, including how to report any taxable gain if:  
• You (or your spouse if married) used any part of the home for business or rental purposes after May 6, 1997, or amount.  
• Your gain exceeds your exclusion amount.

## Partnership Interests

A sale or other disposition of an interest in a partnership may result in ordinary income, collectibles gain (28% rate gain), or unrecaptured section 1250 gain. For details on 28% rate gain, see the instructions for line 20 beginning on page D-8. For details on unrecaptured section 1250 gain, see the instructions for line 19 beginning on page D-7.

## Capital Assets Held for Personal Use

Generally, gain from the sale or exchange of a capital asset held for personal use is a capital gain. Report it on Schedule D, Part I or Part II. However, if you converted depreciable property to personal use, also report that property as if it were recaptured as ordinary income. Use Part III of Form 4797 to figure the amount of ordinary income recapture. The recapture amount is included on line 31 (and line 13) of Form 4797. Do not enter any gain for this property on line 32 of Form 4797. If you are not completing Part III for any other properties, enter "N/A" on line 32. If the total gain is more than the recapture amount, enter "From Form 4797" in column (a) of line 1 or line 5 of Schedule D, skip columns (b) through (e), and in column (f) (and column (g) for sale after May 5, 2003) enter the amount of the total gain over the recapture amount.

Lost from the sale or exchange of a capital asset held for personal use is not deductible, but if you had a loss held for sale or exchange, you can deduct it for a certain number of years which you received a Form 1099-S. You must report the transaction on Schedule D, even though the loss is not deductible. For example, you have a loss on the sale of a vacation home that is not your main home and you received a Form 1099-S for the transaction. Report the transaction on line 1 or 5, depending on how long you

owned the home. Complete columns (a) through (e), because the loss is not deductible, enter zero in column (f).

## Nondeductible Losses

Do not deduct a loss from the direct or indirect sale or exchange of property between any of the following:

- Members of a family
- A corporation and an individual owning more than 50% of the corporation's stock (unless the loss is from a distribution in complete liquidation of a corporation).
- A grantor and a beneficiary of a trust.
- A fiduciary and a beneficiary of the same trust.
- A fiduciary and a beneficiary of an other trust created by the same grantor.
- An executor of an estate and a beneficiary of that estate, unless the sale or exchange was to satisfy a pecuniary bequest (that is, a bequest of a sum of money).
- An individual and a tax-exempt or government controlled by the individual or the individual's family.

See Pub. 544 for more details on sales and exchanges between related parties.

If you disposed of (a) an asset used in an activity to which the at-risk rules apply or (b) an asset used in an activity to which the at-risk rules apply, and you have amounts in the activity for which you are not at risk, see the instructions for Form 6198.

If the loss is allowable under the at-risk rules, you then are subject to the passive activity rules. See Form 8582 and its instructions for details on reporting capital gains and losses from a passive activity.

## Items for Special Treatment

- Transactions by a securities dealer. See section 1256.
- Bonds and other debt instruments. See Pub. 550.
- Certain real estate subdivided for sale that may be considered a capital asset. See section 1257.
- Gain on the sale of depreciable property to a trust of which you are a beneficiary. See Pub. 544.
- Gain on the disposition of stock in an unrecaptured domestic, unrecaptured sales corporation. See section 953(c).
- Gain on the sale or exchange of stock in certain foreign corporations. See section 1248.

• Transfer of property to a partnership that would be treated as an investment company if it were incorporated. See Pub. 541.

• Sales of stock received under a qualified public utility dividend reinvestment plan. See Pub. 550.

• Transfer of appreciated property to a political organization. See section 84.

• In general, no gain or loss is recognized on the transfer of property from an



individual to a spouse or a former spouse if the transfer is incident to a divorce. See Pub. 584.

- Amounts received on the retirement of a debt instrument generally are treated as received in exchange for the debt instrument. See Pub. 550.
- Any loss on the disposition of converted, warrant, or highly erodible capital that is 100% used for financing a qualified plan or IRA is reported on Form 1099-D but long-term capital loss on Schedule D but not on Form 4797.
- If qualified dividends that you reported on Form 1040, line 9b, include extraordinary dividends, any loss on the sale or exchange of the stock is a long-term capital loss to the extent of the extraordinary dividend. An extraordinary dividend is a dividend that equals or exceeds 10% (5% in the case of preferred stock) of your basis in the stock.
- Amounts received by shareholders in corporate liquidations. See Pub. 550.
- Cash received in lieu of fractional shares of stock as a result of a stock split or stock dividend. See Pub. 550.
- Mutual fund load charges, which may not be taken into account in determining gain or loss on certain distributions, are treated as if they were reinvestment rights were exercised. See Pub. 564.
- The sale or exchange of S corporation stock or an increase in S corporation stock in a trust held for more than 1 year, which may result in collectible gain (28% rate gain). See page D-8.
- Gain or loss on the disposition of securities futures contracts. See Pub. 550.
- Gain on the constructive sale of appreciated financial positions. See Pub. 550.
- Certain constructive ownership transactions. Gain in excess of the gain you would have recognized if you had held a financial asset directly during the term of a derivative contract must be treated as ordinary income. See section 1.2660. If any portion of the constructive ownership transaction was open in any year, the gain or loss on the sale of the contract to figure the interest. Include the interest as an additional tax on Form 1040, line 60. Write "Section 1.2660(b) interest" and the amount of the interest in the left of line 60. This interest is not deductible.
- The sale of publicly traded securities, if you elect to postpone gain by purchasing common stock or a partnership interest in a specified small business investment company during the 60-day period that begins on the date of the sale. See Pub. 550.
- The sale of qualified securities held for at least 3 years to an employee stock ownership plan or to a partner-owned cooperative, if you are eligible to receive the securities by purchasing qualified replacement property. See Pub. 550.

including a contract or option to acquire or sell stock or securities (a) at a loss and within 30 days before or after the sale or disposition, you directly or indirectly:

- Buy substantially identical stock or securities.
- Acquire substantially identical stock or securities in a fully taxable trade, or
- Enter into a contract or option to acquire substantially identical stock or securities.

You cannot deduct losses from wash sales unless the loss was incurred in the ordinary course of your business as a dealer in stock or securities. The basis of the substantially identical property for the contract or option to acquire such property is its cost increased by the disallowed loss. For more details on wash sales, see Pub. 559.

Report a wash sale transaction on (line 1) or 8. Enter the full amount of the loss in column (f). Also report this amount in column (g) of Form 4797. Directly below the line on which you reported the loss, enter a positive amount in column (f) and column (g) for transactions after May 5, 2003; the amount of the loss not allowed for the year.

**Traders in Securities**  
You are a trader in securities if you are engaged in the business of buying and selling securities for your own account. To be engaged in business as a trader in securities:

- You must seek to profit from daily market movements in the price of securities and not from dividends, interest, or capital appreciation.
- You must carry out the activity with continuity and regularity.
- You must carry out the activity with a profit motive.

The following facts and circumstances should be considered in determining if your activity is a business:

- Typical holding periods for securities bought and sold.
- The frequency and dollar amount of your trades during the year.
- The extent to which you pursue the activity to produce income for a livelihood.
- The amount of time you devote to the activity.

You are considered an investor, and not a trader, if your activity does not meet the above definition of a business. It does not matter whether you call yourself a trader or a "day trader."

Like an investor, a trader must report each sale of securities (taking into account commissions and any other costs of acquiring or disposing of the securities) on Schedule D or D-1 or on an attached statement containing all of the information for each sale in a similar format. However, if a trader previously made the trade-to-market election (see Part 11, below), the trader must report the gain or loss on Form 4797 instead of Schedules D and D-1. Regardless of whether a trader reports his or her gain and losses on Schedules D

and D-1 or Form 4797, the gain or loss from the disposition of securities is not taken into account when figuring net capital gain or loss for purposes of Schedule SE. See the Instructions for Schedule SE for an exception that applies to section 1.256 contracts.

The limitation on investment interest expense that applies to investors does not apply to interest paid or incurred in a trading business. Trading reports interest expense, commissions and other costs of acquiring or disposing of securities) on a trading business on Schedule C (instead of Schedule A).

A trader also may hold securities for investment. The rules for investors generally will apply to those securities. Alternative treatment and other expenses between your trading business and your investment securities.

and D-1 or Form 4797, the gain or loss from the disposition of securities is not taken into account when figuring net capital gain or loss for purposes of Schedule SE. See the Instructions for Schedule SE for an exception that applies to section 1.256 contracts.

The limitation on investment interest expense that applies to investors does not apply to interest paid or incurred in a trading business. Trading reports interest expense, commissions and other costs of acquiring or disposing of securities) on a trading business on Schedule C (instead of Schedule A).

A trader also may hold securities for investment. The rules for investors generally will apply to those securities. Alternative treatment and other expenses between your trading business and your investment securities.

**Mark-To-Market Election for Traders**  
A trader may make an election under section 1.256(f) to report all gains and losses from trading securities held in connection with a trading business in the year in which the securities were sold. Securities held at the end of the year are "marked to market" by treating them as if they were sold (and reacquired) for fair market value on the last business day of the year. Generally, the election must be made by the due date (not including extensions) of the tax return for the year prior to the year for which the election is made. The election must be effective for the 2003 tax year. It may have been made by April 15, 2003.

Starting with the year the election becomes effective, a trader reports all gains and losses with the trading business, including securities held at the end of the year, in Part II of Form 4797. If you previously made the election, see the Instructions for Form 4797. For details on making the mark-to-market election for 2004, see Pub. 550 or Rev. Proc. 99-17, 1999-17 CB 503. You can find Rev. Proc. 99-17 on page 32 of Internal Revenue Bulletin 1999-07.pdf ([www.irs.gov/pub/irs-bulfin1999-07.pdf](http://www.irs.gov/pub/irs-bulfin1999-07.pdf)).

If you held securities for investment, they must be identified as such in your records on the day they are acquired (for example, by holding the securities in a portfolio in a trust instrument) are not held for investment.

**Short Sales**  
A short sale is a contract to sell property you borrowed for delivery to a buyer. At a later date, you either buy substantially identical property and deliver it to the lender or deliver property that you hold but did not want to transfer at the time of the sale. Usually, your holding period is the amount of time you actually held the property eventually delivered to the lender. For more details on short sales, see Pub. 559. However, if you held securities for investment, they must be identified as such in your records on the day they are acquired (for example, by holding the securities in a portfolio in a trust instrument) are not held for investment.

**Gain or Loss From Options**  
Report on Schedule D gain or loss from the closing, expiration, or option that you exercised, including a call option, a capital asset in your hands. If an option you purchased expired, enter the expiration date in column (c) and enter "EXPIRE" in column (d). If an option that was granted (written) expired, enter the expiration date in column (b) and enter "EXPIRE" in column (e). Fill in the other columns as appropriate. See Pub. 559 for details.

**Undistributed Capital Gains**  
Include on line 11, column (f), the amount from box 1a of Form 2439. This represents your share of the undistributed long-term capital gains of the regulated investment company (including a mutual fund) or real estate investment trust.

If there is an amount in box 1b of Form 2439, include that amount on line 11, column (g).

If there is an amount in box 1c, include that amount on line 5 of the Qualified 5-Year Gain Worksheet on page D-10. If you complete line 35 of Schedule D.

If there is an amount in box 1d, include that amount on line 11 of the Unrecaptured Section 1259 Gain Worksheet on page D-7. If you complete line 19 of Schedule D.

If there is an amount in box 1e, see Exclusion of Gain on Qualified Small Business (QSB) Stock on page D-1.

If there is an amount in box 1f, include that amount on line 4 of the 28% Rate Gain Worksheet on page D-8. If you complete line 20 of Schedule D.

Enter on Form 1040, line 61, the tax paid as shown in box 2 of Form 2439. Also on line 61, check the box for Form 2439. Add to the basis of your stock the excess of the amount included in column (e) of the amount of the credit for the tax paid. See Pub. 550 for details.

**Installment Sales**  
If you sold property (other than publicly traded stocks or securities) at a gain and after the first payment in a 15-year period for the sale on the installment method unless you elect not to use Form 6252 to report the sale on the installment method. Also use Form 6252 to report any payment received in 2003 from a sale made in an earlier year that you reported on the installment method.

To elect out of the installment method, report the full amount of the gain on Schedule D on a timely filed re-

**Wash Sales**  
A wash sale occurs when you sell or otherwise dispose of stock or securities (in-

**Demutualization of Life Insurance Companies**  
Demutualization of a life insurance company occurs when a mutual life insurance company changes to a stock company. If you were a policyholder or annuitant of the mutual company, you may have received either stock in the stock company or cash in exchange for your equity interest in the mutual company. The basis of your equity interest in the mutual company is considered to be zero.

If the demutualization transaction qualifies as a tax-free reorganization, no gain is recognized in the exchange of stock for stock. The company that becomes the stock company is a tax-free successor. Because the basis of your equity interest in the mutual company is considered to be zero, your basis in the stock received is zero. Your holding period for the new stock includes the period you held an equity interest in the mutual company. If you received cash in exchange for your equity interest, you must recognize a capital gain in an amount equal to the cash received. If you held the equity interest for more than 1 year, the reported gain is a long-term capital gain for 1 year or less; report the gain as a short-term capital gain on line 1.

If the demutualization transaction does not qualify as a tax-free reorganization, you must recognize the fair market value of the stock received. If you held the equity interest for more than 1 year, the reported gain is a long-term capital gain for 1 year or less; report the gain as a short-term capital gain on line 1. Your holding period for the new stock begins on the day after you received the stock.

**Exclusion of Gain on Qualified Small Business (QSB) Stock**  
Section 1202 allows for an exclusion of up to 50% of the eligible gain on the sale or exchange of QSB stock. The section 1202 exclusion applies only to QSB stock held for more than 5 years.

To be QSB stock, the stock must meet all of the following tests:

- It must be stock in a C corporation (that is, not S corporation stock).
- It must have been originally issued after August 10, 1993.
- As of the date the stock was issued, the corporation had gross assets of \$50 million or less (a) at all times after August

**Pass-Through Entities**  
If you held an interest in a pass-through entity (a partnership, S corporation, or mutual fund) or other regulated investment company that sold QSB stock, to qualify for the exclusion you must have held the interest on the date the pass-through entity acquired the QSB stock and at all times thereafter until the stock was sold.

9, 1993, and before the stock was issued, and (b) immediately after the stock was issued. Gross assets include stock of any kind. Gross assets do not include any interest in the corporation. All corporations that are members of the same parent-subsidiary controlled group are treated as one corporation.

- You must have acquired the stock at its original issue (either directly or through an underwriter), either in exchange for money or other property or as pay for services (other than as an underwriter) to the corporation. In certain cases, you may meet the test if you acquired the stock from another person who met the test (such as by gift or inheritance) or through competition or exchange of QSB stock you held.

During substantially all the time you held the stock:

1. The corporation was a C corporation.
2. At least 80% of the value of the corporation's assets were used in the active conduct of one or more qualified businesses (defined below), and
3. The corporation was not a foreign corporation, DISC, former DISC, regulated investment company, real estate investment trust, REMIC, FASIT, cooperative, or a corporation that has made (or that has a subsidiary that has made) a specialized small business investment company (SSBIC) election having met test 2 above.

Note. A specialized small business investment company (SSBIC) is treated as having met test 2 above.

A qualified business is any business other than —

- Business involving services performed in the fields of health, law, engineering, architecture, accounting, actuarial science, performing arts, consulting, athletics, financial services, or brokerage services.
- Business whose principal asset is the reputation or skill of one or more employees.
- Banking, insurance, financing, leasing, investing, or similar business.
- Farming business (including the raising or harvesting of trees).
- Business involving the production of products for which percentage depletion can be claimed.
- Business of operating a hotel, motel, restaurant, or similar business.

For more details about limits and additional requirements that may apply, see section 1207.

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individual to a spouse or a former spouse if the transfer is incident to a divorce. See Pub. 584.

- Amounts received on the retirement of a debt instrument generally are treated as received in exchange for the debt instrument. See Pub. 550.
- Any loss on the disposition of converted, warrant, or highly erodible capital that is 100% used for financing a qualified plan or IRA is reported on Form 1099-D but long-term capital loss on Schedule D but not on Form 4797.
- If qualified dividends that you reported on Form 1040, line 9b, include extraordinary dividends, any loss on the sale or exchange of the stock is a long-term capital loss to the extent of the extraordinary dividend. An extraordinary dividend is a dividend that equals or exceeds 10% (5% in the case of preferred stock) of your basis in the stock.
- Amounts received by shareholders in corporate liquidations. See Pub. 550.
- Cash received in lieu of fractional shares of stock as a result of a stock split or stock dividend. See Pub. 550.
- Mutual fund load charges, which may not be taken into account in determining gain or loss on certain distributions, are treated as if they were reinvestment rights were exercised. See Pub. 564.
- The sale or exchange of S corporation stock or an increase in S corporation stock in a trust held for more than 1 year, which may result in collectible gain (28% rate gain). See page D-8.
- Gain or loss on the disposition of securities futures contracts. See Pub. 550.
- Gain on the constructive sale of appreciated financial positions. See Pub. 550.
- Certain constructive ownership transactions. Gain in excess of the gain you would have recognized if you had held a financial asset directly during the term of a derivative contract must be treated as ordinary income. See section 1.2660. If any portion of the constructive ownership transaction was open in any year, the gain or loss on the sale of the contract to figure the interest. Include the interest as an additional tax on Form 1040, line 60. Write "Section 1.2660(b) interest" and the amount of the interest in the left of line 60. This interest is not deductible.
- The sale of publicly traded securities, if you elect to postpone gain by purchasing common stock or a partnership interest in a specified small business investment company during the 60-day period that begins on the date of the sale. See Pub. 550.
- The sale of qualified securities held for at least 3 years to an employee stock ownership plan or to a partner-owned cooperative, if you are eligible to receive the securities by purchasing qualified replacement property. See Pub. 550.

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**Line 18**  
**Limit on Capital Losses.** For 2003, you may deduct capital losses up to \$3,000 (or \$1,500 if married separately).  
**Capital Loss Carryover.** You have a capital loss carryover from 2003 to 2004 if you have a loss on line 1/a and either:  
 • That loss is more than the loss on line 18 or  
 • Form 1040, line 38, is less than zero.

To figure any capital loss carryover to 2004, you will use the **Capital Loss Carryover Worksheet** in the 2004 Instructions for Schedule D. See Pub. 550, figure your carryover now, see **Worksheet**.  
**TRP** You will need a copy of your 2003 Form 1040 and Schedule D to figure your capital loss carryover to 2004.

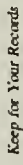
**Tax Computation Using Maximum Capital Gains Rates**  
 First, complete Form 1040 through line 40 (taxable income). Then, unless the En-

ception below applies, complete Part IV of Schedule D to figure your tax if:  
 • Both lines 16 and 17a of Schedule D are gains or  
 • You have qualified dividends on Form 1040, line 9b.  
 If you cannot use Part IV of Schedule D to figure your tax, see the Instructions for Form 1040, line 41.

**Line 19**  
 If you complete Part IV, complete the worksheet below if any of the following apply for 2003:  
 • You sold or otherwise disposed of section 1250 property (generally, real property that you depreciated) held more than 1 year.  
 • You received installment payments for section 1250 property held more than 1 year for which you are reporting gain on the installment method.  
 • You received a Schedule K-1 from an estate or trust, partnership, or S corporation that shows "unrecaptured section 1250 gain."

**Instructions for the Unrecaptured Section 1250 Gain Worksheet**  
 Lines 1 through 3. If you had more than one property described on line 1, complete the worksheet below. Enter the total of the line 3 amounts for all properties on line 3 and go to line 4.  
 Line 4. To figure the amount to enter on line 4, follow the steps below for each installment sale of trade or business property held more than 1 year.

Step 1. Figure the smaller of (a) the depreciation allowed or allowable or (b) the total gain for the sale. This is the smaller of line 22 or line 24 of your 2003 Form 4797 for the year of sale (or the comparable line of Form 4797 for the year of sale) for the property.  
 Step 2. Reduce the amount figured in step 1 by any section 1250 ordinary income recapture for the sale. This is the smaller of line 26 or line 37 of your 2003 Form 4797 for the year of sale (or the comparable line of Form 4797 for the year of sale) for the property. The result is your total unrecaptured section 1250 gain that must be allocated to the installment payments received from the sale.



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**Unrecaptured Section 1250 Gain Worksheet—Line 19**

If you are not reporting a gain on Form 4797, line 7, column (g), skip lines 1 through 9 and go to line 10.

1. If you have a section 1250 property in Part III of Form 4797 for which you made an entry in Part I of Form 4797 (but not on Form 6252), enter the smaller of line 22 or line 24 of Form 4797 for that property. If you did not have any such property, go to line 4. If you had more than one such property, see instructions.
2. Subtract line 2 from line 1.
3. Enter the total unrecaptured section 1250 gain included on line 26 or line 37 of Form(s) 6252 from installment sales of trade or business property held more than 1 year (see instructions).
4. Enter the total of any amounts reported to you on a Schedule K-1 from a partnership or an S corporation as "unrecaptured section 1250 gain."
5. Add lines 3 through 5.
6. Enter the smaller of line 6 or the gain from Form 4797, line 7, column (g).
7. Enter the amount, if any, from Form 4797, line 8, column (g).
8. Subtract line 8 from line 7. If zero or less, enter -0-
9. Enter the amount of any gain from the sale or exchange of an interest in a partnership attributable to unrecaptured section 1250 gain (see instructions).
10. Enter the amount of any amounts reported to you on a Schedule K-1, Form 1099-DIV, or Form 2439 if "unrecaptured section 1250 gain" from an estate, trust, real estate investment trust, or mutual fund (or other regulated investment company).
11. Subtract line 10 from line 9.
12. Enter the total of any unrecaptured section 1250 gain from sales (including installment sales) or Part I dispositions of section 1250 property held more than 1 year for which you did not make an entry in Part I of Form 4797 for the year of sale (see instructions).
13. Add lines 9 through 12.
14. If you had any section 1207 gain or collectible gain or (loss), enter the total of lines 1 through 4 of the 28% Rate Gain Worksheet on page D-8. Otherwise, enter -0-.
15. Enter the (loss), if any, from Schedule D, line 7b. If Schedule D, line 7b, is zero or a gain, enter -0-.
16. Enter your long-term capital loss carryovers from Schedule D, line 14, and Schedule K-1 (Form 1041), line 15c.
17. Combine lines 14 through 16. If the result is a (loss), enter it as a positive amount. If the result is zero or a gain, enter -0-.
18. Unrecaptured section 1250 gain. Subtract line 17 from line 13. If zero or less, enter -0-. Enter the result here and on Schedule D, line 19.

**required under Regulations section 1.1(b)-1(c).**  
 Line 12. An example of an amount to include on line 12 is unrecaptured section 1250 gain from the sale of a vacation home you previously used as a rental property but converted to personal use prior to the sale. To figure the amount to enter on line 12, follow the applicable instructions below.

**Installment sales.** To figure the amount to include on line 12, follow the steps below for each installment sale of property held more than 1 year for which you did not make an entry in Part I of your Form 4797 for the year of sale.  
 • Step 1. Figure the smaller of (a) the depreciation allowed or allowable or (b) the total gain for the sale. This is the smaller of line 22 or line 24 of your 2003 Form 4797 (or the comparable line of Form 4797 for the year of sale) for the property.  
 • Step 2. Reduce the amount figured in step 1 by any section 1250 ordinary income recapture for the sale. This is the smaller of line 26 or line 37 of your 2003 Form 4797 (or the comparable line of Form 4797 for the year of sale) for the property. The result is your total unrecaptured section 1250 gain that must be allocated to the installment payments received from the sale.

• Step 3. Generally, the amount of capital gain on each installment payment is treated as unrecaptured section 1250 gain until the total unrecaptured section 1250 gain figured in step 2 has been used in full. Figure the amount of gain treated as unrecaptured section 1250 gain for installment payments received in 2003 as the smaller of (a) the amount from line 26 or line 37 of your 2003 Form 6252, whichever applies, or (b) the amount of gain reported on line 8 of Form 4797 for the year of sale. This amount is generally used to figure the amount to enter on line 4.

Line 10. Include on line 10 your share of the partnership's unrecaptured section 1250 gain that would result if the partnership had transferred all of its section 1250 gain immediately before you sold or exchanged your interest in that partnership. If you recognized less than all of the partnership's unrecaptured section 1250 gain having transferred only a proportionate amount of each section 1250 property. For details, see Regulations section 1.1(b)-1. Also attach the statement

you chose not to treat all of the gain from payments received after May 6, 1997, and before August 24, 1999, as unrecaptured section 1250 gain, use only the amount you chose to treat as unrecaptured section 1250 gain for those payments to reduce the total unrecaptured section 1250 gain remaining to be reported for the sale. Include this amount on line 12.

**Other sales or dispositions of amount 1250 property.** For each sale of property held more than 1 year (e.g., which you did not make an entry in Part I of Form 4797), figure the smaller of (a) the depreciation allowed or allowable or (b) the total gain for the sale. This is the smaller of line 22 or line 24 of Form 4797 for the property. Next, reduce that amount by any section 1250 ordinary income recapture for the sale. This is the amount from line 26 of Form 4797 for the property. The result is the total unrecaptured section 1250 gain for the sale. Include this amount on line 12.

**Line 20**  
 If you complete Part IV, complete the worksheet below if either of the following apply for 2003:  
 • You reported in Part II, column (f), a section 1202 exclusion from the eligible gain on qualified small business stock (see page D-4) or  
 • You reported in Part II, column (f), a collectible gain or (loss). A collectible gain or (loss) is any long-term gain or deductible long-term loss from the sale or exchange of a collectible that is a capital asset.

Collectibles include works of art, rugs, antiques, metals (such as gold, silver, and platinum bullion), gems, stamps, coins, alcoholic beverages, and certain other tangible property.  
 Include on the worksheet any gain (but not loss) from the sale or exchange of an interest in a partnership, S corporation, or trust held for more than 1 year



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**28% Rate Gain Worksheet—Line 20**

1. Enter the total of all collectible gain or (loss) from items you reported on line 8, column (f), of Schedule D and D-1.
2. Enter as a positive number the amount of any section 1202 exclusion you reported on line 8, column (f), of Schedules D and D-1.
3. Enter the total of all collectible gain or (loss) from Form 4684, line 4 (but only if Form 4684, line 15, is more than zero); Form 6252, Part II; and Form 8824.
4. Enter the total of any collectible gain reported to you on:  
 • Form 1099-DIV, box 2c;  
 • Form 2439, box 1f; and  
 • Schedule K-1 from a partnership, S corporation, estate, or trust.
5. Enter your long-term capital loss carryovers from Schedule D, line 14, and Schedule K-1 (Form 1041), line 15c.
6. If Schedule D, line 7b, is a (loss), enter that (loss) here. Otherwise, enter -0-.
7. Combine lines 1 through 6. If zero or less, enter -0-. If more than zero, also enter this amount on Schedule D, line 20.

reported in box 2c (box 1c of Form 2439).

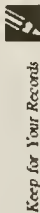
You received payments before May 6, 2003, from an installment sale of property that you held for more than 5 years when you entered into the installment sale.

worksheet on this page if any of the following apply:

- You held long-term capital gain property for more than 5 years and sold or otherwise disposed of it at a gain before May 6, 2003.
- You received a Schedule K-1 from an estate, trust, partnership, or S-corporation that reports "qualified 5-year gain."
- You received a Form 1099-DIV (or Form 2439) with "qualified 5-year gain"

**Line 35—Qualified 5-Year Gain**

Qualified 5-year gain is long-term capital gain (other than 28% rate gain or gain on line 6 or 10 through 12 of the Unrecaptured Section 1250 Gain Worksheet) from property held more than 5 years and sold or otherwise disposed of before May 6, 2003. Qualified 5-year gain is taxed at 8% to the extent the gain would otherwise be taxed at 10%. To figure your qualified 5-year gain, complete the



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**Qualified 5-Year Gain Worksheet—Line 35**

- Enter the total of all gains that you reported on line 8, column (f), of Schedule D and D-1 from property held more than 5 years and disposed of before May 6, 2003. Do not reduce these gains by any losses. 1.
- Enter the total of all gains from property held more than 5 years and disposed of before May 6, 2003, from Form 4797, Part I, but only if Form 4797, line 7, column (g), is more than zero. Do not reduce these gains by any losses. 2.
- Enter the total of all capital gains from property held more than 5 years and disposed of before May 6, 2003, from Form 4684, line 4, but only if Form 4684, line 15, is more than zero. Do not reduce these gains by any losses. 3.
- Enter the total of all capital gains from property held more than 5 years and disposed of before May 6, 2003, from Form 6252, Form 6781, Part II, and Form 8828. Do not reduce these gains by any losses. 4.
- Enter the total of any qualified 5-year gain reported to you on:
  - Form 1099-DIV, box 2c;
  - Form 2439, box 1c; and
  - Schedule K-1 from a partnership, S-corporation, estate, or trust (do not include gains from section 1231 property; take them into account on line 2 above, but only if Form 4797, line 7, column (g), is more than zero).
 5.
- Add lines 1 through 5. 6.
- Enter the part, if any, of the gain on line 6 that is:
  - Attributable to 28% rate gain or
  - Included on line 6, 10, 11, or 12 of the Unrecaptured Section 1250 Gain Worksheet on page D-7.
 7.
- Qualified 5-year gain. Subtract line 7 from line 6. Enter the result here and on Schedule D, line 35. 8.

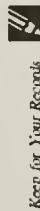
Otherwise, enter on these lines the sum of lines 17b and 23 of Schedule D (unless you are skipping the line).

amount on line 4g is greater than the amount on line 4e of that form, use the worksheet below to figure the amount to enter on Schedule D, lines 31 and 43.

and attributable to unrealized appreciation of collectibles. For details, see Regulations section 1.1(b)(1). Also, attach the statement required under Regulations section 1.1(b)(1e).

**Lines 31 and 43**

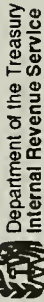
If you are filing Form 4952, Investment Interest Expense Deduction, and the



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**Worksheet for Lines 31 and 43**

- Enter your qualified dividends from Form 1040, line 9b. 1.
- Enter the amount from Form 4972, line 4g. 2.
- Enter the amount from Form 4972, line 4e (or, if applicable, the smaller amount you entered on the dotted line next to line 4e). 3.
- Subtract line 3 from line 2. If zero or less, enter -0-. 4.
- Subtract line 4 from line 1. If zero or less, enter -0-. 5.
- Enter the amount from Schedule D, line 17b. 6.
- Add lines 5 and 6. Enter the result here and on Schedule D, lines 31 and 43 (unless you are skipping the line). 7.



# 2003 Instructions for Schedule E (Form 1040)

## Supplemental Income and Loss

Use Schedule E (Form 1040) to report income or loss from rental real estate, royalties, partnerships, S corporations, estates, trusts, and residual interests in REMICs. You use the same format as on Schedule E to report income or loss from any of these sources. Enter separately on Schedule E the total income and the total loss for each part. Enter close loss figures in parentheses.

Section references are to the Internal Revenue Code.

ing is financing for which no one is personally liable for repayment and is:

- Borrowed by you in connection with holding real property.
- Not convertible from a debt obligation to an ownership interest, and
- Leased or guaranteed by any Federal, state, or local government, or borrowed by you from a qualified person.

A qualified person is a person who actively and regularly engages in the business of lending money, such as a bank or savings and loan association. A qualified person cannot be:

- Related to you (unless the nonrecourse financing obtained is commercially reasonable and on the same terms as loans involving unrelated persons).
- The seller of the property (or a person related to the seller), or
- A person who receives a fee due to your investment in real property (or a person related to that person).

### Passive Activity Loss Rules

The passive activity loss rules may limit the amount of losses you can deduct. These rules apply to losses in Parts I, II, and III, and line 40 of Schedule E.

Losses from passive activities may be subject first to the at-risk rules. Losses deductible under the at-risk rules are then subject to the passive activity loss rules.

You generally can deduct losses from passive activities only to the extent of income from passive activities. An exception applies to certain types of real estate activities explained on page E-2.

### Passive Activity

A passive activity is any business activity in which you did not materially participate and any rental activity, except as explained on this page and page E-2. If you are a limited partner, you generally are not treated as having materially participated in the partnership's activities for the year.

The rental of real or personal property is generally a rental activity under the passive activity loss rules, but exceptions apply. If your rental of property is not treated as a rental activity, you must determine whether it is a trade or business activity, and if so, circumstances materially change.

If you or your spouse are married filing jointly, either you or your spouse must separately meet both of the above conditions, without taking into account services performed by the other spouse.

### General Instructions

#### At-Risk Rules

Generally, you must complete Form 4198 to figure your allowable loss if you have:

- A loss from an activity carried on as a trade or business or for the production of income, and
- Amounts in the activity for which you are not at risk.

The at-risk rules generally limit the amount of loss (including loss on the disposition of assets) you can claim to the amount you could actually lose in the activity. However, the at-risk rules do not apply to losses from an activity of holding real property, if you acquired your interest in the activity before 1987 and the property was placed in service before 1987. The activity of holding mineral property does not qualify for this exception.

In most cases, you are not at risk for amounts such as the following:

- Nonrecourse loans used to finance the activity, or to acquire property used in the activity that are not secured by your own property (other than property used in the activity). However, there is an exception for certain nonrecourse financing borrowed by you in connection with holding real property. See Qualified nonrecourse financing below.
- Cash, property, or borrowed amounts used in the activity (or contributed to the activity, or used to acquire your interest in the activity) that are protected against loss by a guarantee, stop loss agreement, or other similar arrangement (excluding casualty insurance and insurance against tort liability).
- Amounts borrowed for use in the activity (other than as a creditor) or who is related, under section 463(c)(3), to a person (other than you) having such an interest.

Qualified nonrecourse financing is treated as an amount at risk if it is secured by real property used in an activity of holding real property that is subject to the at-risk rules. Qualified nonrecourse financing:

- Is not at risk if it is secured by real property used in an activity of holding real property that is subject to the at-risk rules. Qualified nonrecourse financing:

### Schedule D Tax Worksheet—Line 53

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Complete this worksheet only if line 19 on line 20 of Schedule D is more than zero.

1. Enter your taxable income from Form 1040, line 40	1.	_____
2. Enter your qualified dividends from Form 1080, line 3b	2.	_____
3. Enter the amount from Form 4952, line 4g, 3.	3.	_____
4. Subtract line 4 from line 3. If zero or less, enter -0.	4.	_____
5. Subtract line 5 from line 3. If zero or less, enter -0.	5.	_____
6. Enter the smaller of line 4 or line 5.	6.	_____
7. Enter the smaller of line 14 or line 17a of Schedule D.	7.	_____
8. Enter the smaller of line 3 or line 4.	8.	_____
9. Subtract line 8 from line 7. If zero or less, enter -0.	9.	_____
10. Add lines 6 and 9.	10.	_____
11. Add lines 19 and 20 of Schedule D.	11.	_____
12. Enter the smaller of line 9 or line 11.	12.	_____
13. Subtract line 12 from line 10.	13.	_____
14. Subtract line 13 from line 1. If zero or less, enter -0.	14.	_____
15. Enter the smaller of line 1 or	15.	_____
• \$56,000 if married filing jointly or qualifying widow(er),		
• \$28,000 if single or married (filing separately), or		
• \$38,700 if head of household.		
16. Enter the smaller of line 14 or line 15.	16.	_____
17. Subtract line 16 from line 13. If zero or less, enter -0.	17.	_____
18. Enter the larger of line 16 or line 37.	18.	_____
19. If lines 15 and 16 are the same, skip lines 19 through 28. Otherwise, go to line 19.	19.	_____
20. Subtract line 16 from line 15.	20.	_____
21. Add the amount on Schedule D, line 17a, and line 6 above.	21.	_____
22. Enter the smaller of line 19 or line 20.	22.	_____
23. Multiply line 21 by 5% (.05).	23.	_____
24. If lines 19 and 21 are the same, skip lines 23 through 28 and go to line 29. Otherwise, go to line 23.	24.	_____
25. Subtract line 23 from line 19.	25.	_____
26. Qualified 5-year gain from the worksheet on page D-10. Also enter on Schedule D, line 26.	26.	_____
27. Enter the smaller of line 23 or line 24.	27.	_____
28. Multiply line 27 by 10% (.10).	28.	_____
29. If lines 1 and 15 are the same, skip lines 29 through 47 and go to line 48. Otherwise, go to line 29.	29.	_____
30. Enter the smaller of line 1 or line 15.	30.	_____
31. Subtract line 30 from line 29. If zero or less, enter -0.	31.	_____
32. Add the amount on Schedule D, line 17b, and line 6 above.	32.	_____
33. Enter the amount from line 21. (If line 21 is blank, enter -0.)	33.	_____
34. Subtract line 33 from line 32.	34.	_____
35. Enter the smaller of line 31 or line 34.	35.	_____
36. Multiply line 35 by 15% (.15).	36.	_____
37. Subtract line 35 from line 31.	37.	_____
38. Multiply line 37 by 20% (.20).	38.	_____
39. If Schedule D, line 19, is zero or blank, skip lines 39 through 44 and go to line 45. Otherwise, go to line 39.	39.	_____
40. Enter the smaller of line 3 or line 13.	40.	_____
41. Add lines 10 and 11.	41.	_____
42. Subtract line 41 from line 40. If zero or less, enter -0.	42.	_____
43. Subtract line 42 from line 39. If zero or less, enter -0.	43.	_____
44. Multiply line 43 by 25% (.25).	44.	_____
45. If Schedule D, line 20, is zero or blank, skip lines 45 through 47 and go to line 48. Otherwise, go to line 45.	45.	_____
46. Add lines 14, 19, 31, and 43.	46.	_____
47. Subtract line 45 from line 1.	47.	_____
48. Multiply line 46 by 28% (.28).	48.	_____
49. Figure the tax on the amount on line 16. Use the Tax Table or Tax Rate Schedules, whichever applies.	49.	_____
50. Add lines 27, 28, 38, 34, 44, 47, and 48.	50.	_____
51. Figure the tax on the amount on line 1. Use the Tax Table or Tax Rate Schedules, whichever applies.	51.	_____
52. Enter the smaller of line 49 or line 51. Also enter this amount on Schedule D, line 53, and Form 1040, line 41.	52.	_____

\*If applicable, enter (instead the smaller amount) you entered on the (circled) line next to line 4e of Form 4952.

for investment or speculation. Do not use Schedule E to report income and expenses from rentals of real estate held for sale to customers in the ordinary course of your real estate sales business. Instead, use Schedule C or C-EZ for these rentals.

For more details on rental income, see Topic 414 on page 11 of the Form 1040 instructions or see Pub. 527.

**Rental Income From Farm Production or Crop Shares.** Report farm rental income and expenses on Form 4835 if you:

- You received rental income based on crops or livestock produced by the tenant and
- You did not manage or operate the farm to any great extent.

### Line 4

Report on line 4 royalties from oil, gas, or mineral properties (not including operating interests), copyrights, and patents. Use a separate column (A, B, or C) for each royalty property. Be sure to enter the total of all your royalties in the "Totals" column even if you have only one source of royalty.

If you received \$10 or more in royalties during 2003, the payee should send you a Form 1099-MISC or similar statement by February 2, 2004, showing the amount you received.

If you are in business as a self-employed writer, inventor, artist, etc., report your royalty income and expenses on Schedule C or C-EZ.

You may be able to treat amounts received as "royalties" for the transfer of a patent or amounts received on the disposal of coal and iron ore at the sale of a capital asset. For details, see Pub. 584.

### General Instructions for Lines 5 Through 21

Enter your rental and royalty expenses for each property in the appropriate column. You can deduct all ordinary and necessary expenses, such as taxes, interest, repairs, insurance, management fees, agents' commissions, and depreciation.

Do not deduct the value of your own labor or amounts paid for capital assets or capital improvements.

Enter your total expenses for mortgage interest on line 12, total expenses before depreciation expense or depletion (line 19), and depreciation expense or depletion (line 20) in the "Totals" column even if you have only one property.

**Renting Out Part of Your Home.** If you rent out only part of your home or other

asset for a period of less than 12 consecutive months at the end of which you sold or exchanged it.

Check "Yes" if you or your family used the unit for personal purposes in 2003 more than the greater of:

1. 14 days or
2. 10% of the total days it was rented to others at a fair rental price.

Otherwise, check "No." If you checked "No," you can deduct all your expenses for the rental part, subject to the At-Risk Rules and the Passive Activity Loss Rules explained beginning on page E-1.

If you checked "Yes" and rented the unit out for fewer than 15 days, do not report the rental income and do not deduct any rental expenses. If you itemize deductions on Schedule A, you may deduct allowable interest, taxes, and casualty losses. If you checked "Yes" and rented the unit out for at least 15 days, you may not be able to deduct all your rental expenses. You can deduct all of the following expenses for the rental part on Schedule E:

- Mortgage interest
- Real estate taxes
- Carnality losses
- Other rental expenses not related to your use of the unit as a home, such as advertising expenses and rental agents' fees.

If any income is left after deducting these expenses, you can deduct other expenses, including depreciation, up to the amount of remaining income. You can carry over to 2004 the amount you cannot deduct.

See Pub. 527 for details.

### Line 3

If you received rental income from real estate (including personal property leased with real estate) and you were not on the real estate business, report the income on line 3. Include income received for renting a room or other space. If you received services or property instead of money as rent, report the fair market value of what you received as rental income.

Be sure to enter the total of all your rents in the "Totals" column even if you have only one property.

If you provided significant services to the tenant, such as a maid service, report the rental activity on Schedule C or C-EZ, not on Schedule E. Significant services do not include the furnishing of heat and light, cleaning of public areas, trash collection, or similar services.

If you were in the real estate sales business, include on line 3 only the rental received from real estate (including personal property leased with real estate) you held

rented it for at least 12 consecutive months (or for each of at least 12 consecutive months for each rental unit) for each rental unit.

For more details on rental income, see Topic 414 on page 11 of the Form 1040 instructions or see Pub. 527.

**Extrajurisdictional Income Exclusion.** Except as otherwise provided in the Internal Revenue Code, gross income includes all income from whatever source derived. Gross income, however, does not include extrajurisdictional income that is qualifying foreign trade income. Use Form 8873 to figure the extrajurisdictional income exclusion. Report it on Schedule E as explained in the instructions for Form 8873.

### Line 1

For rental real estate property only, show:

- The kind of property you rented (for example, townhouse).
- The street address, city or town, and state. You do not have to give the ZIP code.
- Your percentage of ownership in the property, if more than 100%.

### Line 2

If you rented out a dwelling unit that you also used for personal purposes during the year, you may not be able to deduct all the expenses for the rental part. "Dwelling unit" (unit means a house, apartment, condominium, or similar property)

A day of personal use is any day, or part of a day, that the unit was used by:

- You for personal purposes,
- Any other person for personal purposes, if that person owns part of the unit (unless rented to that person under a "shared equity" financing agreement),
- Anyone in your family (or in the family of someone else who owns part of the unit), unless the unit is rented at a fair rental price to that person as his or her main home,
- Anyone who pays less than a fair rental price for the unit, or
- Anyone under an agreement that lets you use some other unit.

Do not count as personal use:

- Any day you spent working substantially full time repairing and maintaining the unit, even if family members used it for recreational purposes on that day or
- Any days you used the unit as your main home before or after renting it or offering it for rent, if you offered it for rent it for at least 12 consecutive months (or

the asset generating the credit for 45 days or less.

See the Instructions for Form 8836 for more details and exceptions.

### Tax Shelter Registration Number

Complete and attach Form 8771 if you are reporting any depletion, lost, credit, other tax benefit, or income from an interest purchased or otherwise acquired in a tax shelter.

Form 8771 is used to report the name, filing number, registration number, and identification number of the tax shelter. There is a \$250 penalty if you do not report the registration number of the tax shelter on your tax return.

## Specific Instructions

### Filers of Form 1041

If you are a fiduciary filing Schedule E with Form 1041, enter the estate's or trust's employer identification number (EIN) in the space for "Your social security number."

## Part I

### Income or Loss From Rental Real Estate and Royalties

Use Part I to report:

- Income and expenses from rental real estate (including personal property leased with real estate) and
- Royalty income and expenses.

See the instructions for lines 3 and 4 to determine if you should report your rental real estate and royalties on Schedule C, Schedule C-EZ, or Form 4835 instead of Schedule E.

If you own a part interest in a rental real estate property, report only your part of the income and expenses on Schedule E.

Complete lines 1 and 2 for each rental real estate property. Leave these lines blank for each royalty property.

If you have more than three rental real estate or royalty properties, complete and attach Forms 8821, 8822, 8823, 8824, and 8825. But fill in the "Totals" column only on Schedule E. The figures in the "Totals" column on Schedule E should be the combined totals of all your Schedule E. If you are the same Schedule E on which you entered the combined totals for Part I.

significant and bona fide sense. Such management decisions include:

- Approving new tenants,
- Deciding on rental terms,
- Approving capital or repair expenses, and
- Other similar decisions.

You are not considered to actively participate if, at any time during the tax year, your interest (including your spouse's interest in the activity) was less than 10% of the value of all interests in the activity.

**Modified Adjusted Gross Income.** This is your adjusted gross income from Form 1040, line 34, without taking into account:

- Any passive activity loss,
- Rental real estate losses allowed under the exception for real estate professionals (explained on page E-1),
- Taxable social security or less 1 railroad retirement benefits,
- Deductible contributions to a traditional IRA or certain other qualified retirement plans under section 219,
- The student loan interest deduction,
- The tuition and fees deduction,
- The deduction for one-half of self-employment tax, and
- Any excluded amounts under an employer's adoption assistance program.

However, if you file Form 8815, include in your modified adjusted gross income the average bond interest excluded on line 14 of that form.

### Reportable Transaction Disclosure Statement

Use Form 8886 to disclose information for each reportable transaction in which you participated. Form 8886 must be filed for each tax year that your federal income tax liability is affected by your participation in the transaction. The following are reportable transactions:

- Any transaction that is the same as or substantially similar to tax avoidance transactions identified by the IRS
- Any transaction offered under conditions of confidentiality
- Any transaction for which you have contractual protection against disallowance of the tax benefits
- Any transaction resulting in a loss of \$4 million in any single tax year or \$4 million in any combination of tax years (At least \$50,000 for a single tax year if the loss arose from a foreign currency transaction defined in section 9818(c)(1), whether or not the loss flows through from an S corporation or partnership)
- Any transaction resulting in a book-tax difference of more than \$10 million on a gross basis
- Any transaction resulting in a tax credit of more than \$250,000 if you held

### E-2

A real property trade or business is any real property development, redevelopment, construction, reconstruction, acquisition, conversion, rental, operation, management, leasing, or brokerage trade or business. Services you performed as an employee are not treated as performed in a real property trade or business unless you owned more than 5% of the stock (or more than 5% of the capital or profit interest) in the employer.

If you were a real estate professional for 2003, complete line 43 on page 2 of Schedule E.

**Other Activities.** The rental of your home that you also used for personal purposes is not a passive activity. See the instructions for line 2 on page E-3.

A working interest in an oil or gas well that you held directly or through an entity that did not limit your liability is not a passive activity even if you did not materially participate.

Royalty income not derived in the ordinary course of a trade or business reported on Schedule E generally is not considered income from a passive activity.

For more details on passive activities, see the instructions for Form 8582 and Pub. 925.

### Exception for Certain Rental Real Estate Activities

If you meet all three of the following conditions, your rental real estate losses are not limited by the passive activity loss rules. If you do not meet all three of these conditions, see the instructions for Form 8582 to find out if you must complete and attach Form 8582 to figure any losses allowed:

1. Rental real estate activities are your only passive activities
2. You do not have any prior year unallowed losses from any passive activities
3. All of the following apply if you have an overall net loss from these activities:
  - You actively participated (defined below) in all of the rental real estate activities,
  - If married filing separately, you lived apart from your spouse all year,
  - Your overall net loss from these activities is \$25,000 or less (\$12,500 or less if married filing separately),
  - You have no current or prior year unallowed credits from passive activities, and
  - You modified adjusted gross income (defined later) is \$100,000 or less (\$50,000 or less if married filing separately)

**Active Participation.** You can meet the active participation requirement without regular, continuous, and substantial involvement in real estate activities. But you must have participated in making management decisions or arranging for others to provide services (such as repairs) in a

while U.S. persons controlled that partnership.

• You had an acquisition, disposition, or change in proportional interest of a foreign partnership that:

- Increased your direct interest to at least 10% or reduced your direct interest of at least 10% to less than 10% or
- Changed your direct interest by at least a 10% interest.

• You contributed property to a foreign partnership in exchange for a partnership interest if:

- Immediately after the contribution, you owned, directly or indirectly, at least a 10% interest in the partnership or
- The fair market value of the property you contributed to the partnership in exchange for a partnership interest, when added to other contributions of property you made to the partnership during the preceding 12-month period, exceeds \$100,000.

Also, you may have to file Form 8865 to report certain dispositions by a foreign partnership of property you previously contributed to that partnership if you were a partner at the time of the disposition.

For more details, including penalties for failing to file Form 8865, see Form 8865 and its separate instructions.

#### S Corporations

If you are a shareholder in an S corporation, your share of the corporation's aggregate losses and deductions (combined income, losses, and deductions) is limited to the adjusted basis of your corporate stock and any debt the corporation owes you. Any loss or deduction not allowed this year because of the basis limitation may be carried forward and deducted in a later year subject to the basis limitation for that year.

If you are claiming a deduction for your share of an aggregate loss, attach to your return a computation of the adjusted basis of your corporate stock and of any debt the corporation owes you. See the Schedule K-1 instructions for details.

After applying the basis limitation, the deductible amount of your aggregate losses and deductions may be further reduced by the at-risk rules and the passive activity loss rules. See page E-1.

Distributions of prior-year accumulated earnings and profits of S corporations are dividends and are reported on Form 1080, line 9.

Interest expense relating to the acquisition of shares in an S corporation may be fully deductible on Schedule E. For details, see Pub. 535.

Your share of the net income of an S corporation is not subject to self-employment tax.

#### Line 27

If you answered "Yes" on line 27, follow the instructions below. If you fail to follow these instructions, the IRS may send you a notice of additional tax due because the amounts reported by the partnership or S

Partners and S corporation shareholders should get a separate statement of income, expenses, deductions, and credits for each activity engaged in during the year. See 45 instructions for more details. If you are subject to at-risk rules for any activity, use Form 6198 to figure the amount of any deductible loss. If the activity is nonpassive, enter any deductible loss from Form 6198 on the appropriate line in Part II, column (h), of Schedule E.

• If you have a passive activity loss, you generally need to complete Form 8882 to figure the amount of the allowable loss to enter in Part II, column (h), for that activity. But if you are a general partner or an S corporation shareholder reporting your share of a partnership or an S corporation loss from a real estate activity and you meet all three of the conditions listed on page E-2 under Exceptions for Certain Rental Real Estate Activities, you do not have to complete Form 8882. Instead, enter your allowable loss in Part II, column (f).

If you have passive activity income, complete Part II, column (g), for that activity. If you have nonpassive income (or losses), complete Part II, columns (h) through (j), as appropriate.

#### Partnerships

See the Schedule K-1 instructions before entering on your return other partnership items from a passive activity or income or loss from any publicly traded partnership.

You may deduct unreimbursed ordinary and necessary expenses you paid on behalf of the partnership if you were required to pay these expenses under the partnership agreement. See the instructions for line 27 on this page for how to report these expenses.

Report allowable interest expense paid or incurred from debt-financed acquisitions in Part II or on Schedule A depending on the type of expenditure to which the interest is allocated. See Pub. 535 for details.

If you claimed a credit for Federal tax on gasoline or other fuels on your 2002 Form 1040 based on information received from the partnership, enter as income in column (g) or column (j), whichever applies, the amount of the credit claimed for 2002.

Part or all of your share of partnership income or loss from the operation of a business may be considered net earnings from self-employment that must be reported on Schedule SE. Enter the amount from Schedule K-1 (Form 1065), line 15a (or from Schedule K-1 (Form 1065-B), box 9 (code K-1)), on Schedule SE, after you reduce this amount by any allowable expenses attributable to that income.

Foreign Partnerships. If you are a U.S. person, you may have to file Form 8865 if any of the following applies:

- You controlled a foreign partnership (that you owned at least 50% direct or indirect interest in the partnership).
- You owned at least a 10% direct or indirect interest in a foreign partnership

If your rental real estate loss is not from a passive activity or you meet the exception for certain rental real estate activities explained on page E-2, you do not have to complete Form 882. Enter the loss from line 22 on line 23.

## Parts II and III

If you need more space in Part II or III to list your income or losses, attach a continuation sheet using the same format as shown in Part II or III. However, be sure to complete the "Totals" columns for lines 29a and 29b, or lines 34 and 34a, as appropriate. If you also completed Part I on more than one Schedule E, use the same Schedule E in which you entered the combined totals in Part I.

**Tax Preference Items.** If you are a partner, a shareholder in an S corporation, or a beneficiary of an estate or trust, you must take into account your share of preferences and adjustments from these entities for the alternative minimum tax on Form 6251 or Schedule I of Form 1041.

## Part II

### Income or Loss From Partnerships and S Corporations

If you are a member of a partnership or joint venture or a shareholder in an S corporation, use Part II to report your share of the partnership or S corporation income (even if not received) or loss:

• You should receive a Schedule K-1 from the partnership or S corporation. You should also receive a copy of the partner's or shareholder's instructions for Schedule K-1. Your copy of Schedule K-1 and the instructions will tell you what you should do if you did not receive these instructions with your Schedule K-1, see page 7 of the copy. Do not attach Schedules K-1 to your return. Keep them for your records.

If you are treating items on your tax return differently from the way the partnership (or other large partner) or S corporation reported them on its return, you may have to file Form 8882. If you are a partner in an electing large partnership, you must report the items shown on Schedule K-1 (see page 7) on your tax return the same way that the partnership reported the items on Schedule K-1.

**Special Rules That Limit Losses.** Phase out the following:

- If you have a current year loss, or a prior year unallowed loss, from a partnership or an S corporation, see At-Risk Rules and Passive Activity Loss Rules on page E-1.

### Line 17

You may deduct the cost of ordinary and necessary telephone or cable service for rental activities or royalty income (for example, calls to the tenant). However, the base rate (including taxes) and other charges for local telephone service for a personal telephone line to your residence is a personal expense and is not deductible.

### Line 20

Depreciation is the annual deduction you must take to recover the cost or other basis of business or investment property having a useful life substantially beyond the tax year. Land is not depreciable.

Depreciation starts when you first use the property in your business or for the production of income. It ends when you deduct all your depreciable cost or other basis or no longer use the property in your business or for the production of income.

See the instructions for Form 4562 to figure the amount of depreciation to enter on line 20. Be sure to fill in the "Totals" column.

You must complete and attach Form 4562 only if you are claiming:

- Depreciation on property first placed in service during 2003;
- Depreciation on listed property (defined in the instructions for Form 4562), including a vehicle, regardless of the date it was placed in service; or
- A section 179 expense deduction or amortization of costs that began in 2003.

See Pub. 527 for more information on depreciation of residential property. See Pub. 946 for a more comprehensive guide to depreciation.

### Line 22

If you have amounts for which you are not at risk, use Form 6198 to determine the amount of your deductible loss. Enter that amount in the appropriate column of Schedule E, line 22. In the space to the left of line 22, write "Form 6198." Attach Form 6198 to your return. For details on the at-risk rules, see page E-1.

### Line 23

Do not complete line 23 if the amount on line 22 is from royalty properties.

If you have a rental real estate loss from a passive activity (defined on page E-1), the amount of loss you can deduct may be limited by the passive activity loss rules. You may need to complete Form 8582 to figure the amount of loss, if any, to enter on line 23.

ize these fees and add them to the property's basis.

### Lines 12 and 13

In general, to determine the interest expense that is deductible for rental activities, you must have records to show how the proceeds of each debt were used. Specific tracing rules apply for alternative debt proceeds and repayment. See Pub. 535 for details.

If you have a mortgage on your rental property, enter on line 12 the amount of interest you paid for 2003 to banks or other financial institutions. Be sure to fill in the "Totals" column.

Do not deduct prepaid interest when you paid it. You can deduct it only in the year to which it is properly allocable. Points, including loan origination fees, claimed only for closing (or money) must be deducted over the life of the loan.

If you paid \$400 or more in interest on a mortgage during 2003, the recipient should send you a Form 1098 or similar statement by February 2, 2004, showing the total interest received from you.

If you paid more mortgage interest than is shown on your Form 1098 or similar statement, see Pub. 535 to find out if you can deduct part or all of the additional interest. If you can, enter the entire deductible amount on line 12. Attach a statement to your return explaining the difference. Write "See attached" in the left margin next to line 12.

**Note.** If the recipient was not a financial institution or you did not receive a Form 1098 from the recipient, report your deductible mortgage interest on line 13.

If you and at least one other person (other than your spouse if you file a joint return) were liable for and paid interest on the mortgage, and the other person received Form 1098, report your share of the deductible interest on line 13. Attach a statement to your return showing the name and address of the person who received Form 1098. In the left margin next to line 13, write "See attached."

### Line 14

You may deduct the cost of repairs made to keep your property in good working condition. Repairs generally do not add significant value to the property or extend its life. Examples of repairs are fixing a broken lock or painting a room. Improvements that increase the value of the property or extend its life, such as replacing a roof or renovating a kitchen, must be capitalized and depreciated over the year they cannot be deducted in full in the year they are paid or incurred. See the instructions for line 20.

E-4

property, deduct the part of your expenses that applies to the rented part.

**Credit or Deduction for Access Expenses.** You may be able to claim a tax credit for eligible expenditures paid or incurred in 2003 to provide access to your business for individuals with disabilities. See Form 8824 for details.

You can also deduct up to \$15,000 of qualified costs paid or incurred in 2003 to remove architectural or transportation barriers to individuals with disabilities and the elderly.

You cannot take both the credit and the deduction for the same expenditures. See Pub. 535 for details.

### Line 6

You may deduct ordinary and necessary auto and travel expenses related to your rental activities, including 50% of meal expenses incurred while traveling away from home. You generally can either deduct your actual expenses or take the standard mileage rate. You must use actual expenses if you use more than one vehicle simultaneously in your rental activities (as in fleet operations). You cannot use actual expenses for a leased vehicle if you previously used the standard mileage rate for that vehicle.

You can use the standard mileage rate for 2003 only if:

- You owned the vehicle and used the standard mileage rate for the first year you placed the vehicle in service; or
- You leased the vehicle and are using the standard mileage rate for the entire lease period (except the period, if any, before 1998).

If you deduct actual auto expenses:

- Include on line 6 the rental (actual) portion of the cost of gasoline, oil, repairs, insurance, tires, etc. and
- Show auto rental or lease payments on line 18 and depreciation on line 20.

If you take the standard mileage rate, multiply the number of miles you drove your auto in connection with your rental activities by 36 cents. Include this amount and your parking fees and tolls on line 6.

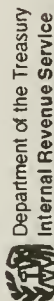
If you claim any auto expenses (actual or the standard mileage rate), you must complete Part V of Form 4562 and attach Form 4562 to your tax return.

See Pub. 527 and Pub. 463 for details.

### Line 10

Include on line 10 fees for tax advice and the preparation of tax forms related to your rental real estate or royalty properties.

Do not deduct legal fees paid or incurred to defend or protect title to property, to recover property, or to develop or improve property. Instead, you must capital



## 2003 Instructions for Schedule F

Use Schedule F (Form 1040) to report farm income and expenses. File it with Form 1040, 1041, 1065, or 1065-B.

This activity may be subject to state and local taxes and other requirements such as business licenses and fees. Check with your state and local governments for more information.

**Additional Information.** Pub. 225 has samples of filled-in forms and schedules, and has important dates that apply to farmers.

Section references are to the Internal Revenue Code unless otherwise noted.

## Profit or Loss From Farming

### General Instructions and Other Schedules and Forms You May Have To File

**Schedule E** to report rental income from past-land that is based on a flat charge. Report this income in Part I of Schedule E. But report on line 10 of Schedule F pasture income received from taking care of someone else's livestock.

**Schedule J** to figure your tax by averaging your farm income over the previous 3 years. Doing so may reduce your tax.

**Schedule SE** to pay self-employment tax on income from your farming business.

**Form 4562** to claim depreciation on assets placed in service in 2003, to claim amortization that began in 2003, to make certain tangible property, or to report information on vehicles and other listed property.

**Form 4684** to report a casualty or theft gain or loss involving farm business property including livestock held for draft, breeding, sport, or dairy purposes.

See Pub. 225 for more information on how to report various farm losses, such as losses due to death of livestock or damage to crops or other farm property.

**Form 4797** to report sales, exchanges, or involuntary conversions (other than from a casualty or theft) of certain farm property. Also use this form to report sales of livestock held for draft, breeding, sport, or dairy purposes.

**Form 4835** to report rental income based on farm position or crop shares if you did not materially participate (for self-employment tax purposes) in the management or operation of the farm. This income is not subject to self-employment tax. See Pub. 225.

**Form 8824** to report like-kind exchanges.

### Specific Instructions

#### Filers of Forms 1041, 1065, and 1065-B

Do not complete the block labeled "Social Security Number (SSN)." Instead, enter your employer identification number (EIN) on line D.

#### Lines A and B

On line A, enter your principal crop or activity for the current year.

On line B, enter one of the 14 principal agricultural activity codes listed in Part IV on page 2 of Schedule F. Select the code that best describes the source of most of your income.

#### Line C

If you use the cash method, check the box labeled "Cash." Complete Parts I and II of Schedule F. Generally, report income in the year in which you actually or constructively received it, and deduct expenses in the year you paid them. However, if the payment of an installment creates an asset having a useful life that extends substantially beyond the close of the year, it may not be deductible or may be deductible only in part for the year of the payment. See Pub. 225.

If you use the accrual method, check the box labeled "Accrual." Complete Parts III, IV, and V of Schedule F. Generally, report income in the year in which you earned it and deduct expenses in the year you incurred them, even if you did not pay them in that year. Accrual basis taxpayers are put on a cash basis for deducting business expenses owed to a related cash-basis taxpayer. Other rules determine the timing of the

Part IV. Enter the totals of columns (d) and (e) on line 39 of Schedule E. If you also completed Part I on more than one Schedule E, use the same Schedule F on which you entered the combined totals in Part I.

**REMIC** income or loss is not income or loss from a passive activity.

Note: If you are the holder of a regular interest in a REMIC, do not use Schedule E to report the income or loss received. Instead, report it on Form 1040, line 8.

**Column (e).** Report the total of the amounts shown on Schedule Q, line 2. This is the smallest amount you are allowed to report as your taxable income (Form 1040, line 40). It is also the smallest amount you are allowed to report as your alternative minimum taxable income (AMTI) (Form 6251, line 28).

If the amount in column (c) is larger than your taxable income would otherwise be, enter the amount from column (c) on Form 1040, line 40. Similarly, if the amount in column (c) is larger than your AMTI would otherwise be, enter the amount from column (c) on Form 6251, line 28. Write "Sch Q" on the dotted line to the left of this amount on Form 1040 or 6251.

Note: These rules also apply to estates and trusts that hold a residual interest in a REMIC. Be sure to make the appropriate entries on the comparable lines on Form 1041.

Do not include the amount shown in column (c) in the total on line 39 of Schedule E.

Column (e). Report the total of the amounts shown on Schedules (c) and (d) on line 39 of Schedule E. Attach this amount on line 22.

### Part V Summary

#### Line 42

You will not be charged a penalty for underpayment of estimated tax if:

1. Your gross farming or fishing income for 2002 or 2003 is at least two-thirds of your gross income and
2. You file your 2003 tax return and pay the tax due by March 1, 2004.

### Part III Income or Loss From Estates and Trusts

If you are a beneficiary of an estate or trust, use Part III to report your part of the income (even if not received) or loss. You should receive a Schedule K-1 (Form 1041) from the fiduciary. Your copy of Schedule K-1 and its instructions will tell you where on your return to report the items from Schedule K-1. Do not attach Schedule K-1 to your return. Keep it for your records.

If you are retaining items on your tax return differently from the way the estate or trust reported them on its return, you may have to file Form 8082.

If you have estimated taxes credited to you from a trust (Schedule K-1, line 14a), write "ES payment (claimed)" and the amount on the dotted line next to line 37. Do not include this amount in the total on line 37. Instead, enter the amount on Form 1040, line 62.

A U.S. person who transferred property to a foreign trust may have to report the income received by the trust as a result of the transferred property if, during 2003, the trust had a U.S. beneficiary. See section 679. An individual who received a distribution from, or who was the grantor of, a trust that is a foreign trust must also complete Part III of Schedule B (Form 1040) and may have to file Form 3520. In addition, the owner of a foreign trust must ensure that the trust files an annual information return on Form 3520-A.

### Part IV

#### Income or Loss From Real Estate Mortgage Investment Conduits (REMICs)

If you are the holder of a residual interest in a REMIC, use Part IV to report your total share of the REMIC's taxable income or loss for each quarter included in your tax year. You should receive Schedule Q (Form 1066) and instructions from the REMIC for each quarter. Do not attach Schedules Q to your return. Keep them for your records.

If you are treating REMIC items on your tax return differently from the way the REMIC reported them on its return, you may have to file Form 8082.

If you are the holder of a residual interest in more than one REMIC, attach a continuation sheet using the same format as in

corporation on Schedule K-1. Do not attach the amounts you reported on your tax return.

#### Losses Not Allowed in Prior Years Due to the At-Risk or Basis Limitations

Enter your total prior year unallowed losses that are now deductible on a separate line in column (b) of line 28. Do not combine these losses with, or net them against, any current year amounts from the partnership or S corporation.

Enter "PYA" (prior year amounts) in column (a) of the same line.

#### Passive Losses Not Reported on Form 8582

If you are not required to file Form 8582, enter any prior year unallowed losses on a separate line in column (f) of line 28. Do not combine these losses with, or net them against, any current year amounts from the partnership or S corporation.

Enter "PYA" (prior year amounts) in column (a) of the same line.

#### Unreimbursed Partnership Expenses

You may deduct unreimbursed ordinary and necessary partnership expenses you paid on behalf of the partnership on Schedule E if you were required to pay these expenses under the partnership agreement. Except amounts deductible only as itemized deductions, which you must enter on Schedule A.

Enter unreimbursed partnership expenses from nonpassive activities on a separate line in column (h) of line 28. Do not combine these expenses with, or net them against, any other amounts from the partnership.

If the expenses are from a passive activity, they are not required to be reported on a separate line in column (g) of line 28. Do not combine these expenses with, or net them against, any other amounts from the partnership.

Enter "UPE" (unreimbursed partnership expenses) in column (a) of the same line.

#### Line 28

For nonpassive income or loss (and passive losses for which you are not filing Form 8582), enter in the applicable column of line 28 your current year ordinary income from the partnership or S corporation. Report a separate line following the line on which you reported the ordinary income or loss. Also enter a description of the related item (for example, depletion) in column (a) of the same line.

If you are required to file Form 8582, see the instructions for Form 8582 before completing Schedule E.



advance and are considered hedges. If you had a loss in a futures contract on a close fit in a commodities.



**For property acquired, and hedging positions established, you must clearly identify on your books and records both the transaction and the item(s) or aggregate risk that is being hedged.**

Purchase of sales contracts are not true hedges if they offset losses that already occurred. If you bought or sold commodity futures with the hope of making a profit due to favorable price changes, report the profit or loss on Form 6781 instead of this line.

made and for what you must include in your statement.

Generally, if you elect to defer any eligible crop insurance proceeds, you must do so on Form 1099-G. You may also receive proceeds on line 8a the total crop insurance you received in 2003, even if you elect to include them in income for 2004.

Enter on line 8b the taxable amount of the proceeds you received in 2003. Do not include proceeds you elect to include in income for 2004.

Enter on line 8d the amount, if any, of crop insurance proceeds you received in 2002, and elected to include in income for 2003.

**Line 10**

Use this line to report income not shown on lines 1 through 9, such as the following:  
 • Illegal Federal irrigation subsidies. See Pub. 225

• Bartering income.

• Income from cancellation of debt. Generally, if a debt is canceled or forgiven, you must include the canceled amount in income. If a Federal agency, financial institution, or credit union canceled or forgave a debt you owed of \$600 or more, it should send you a Form 1099-C, or similar statement, by February 2, 2004, showing the amount of debt canceled in 2003. However, certain solvent farmers may exclude canceled qualified farm indebtedness from income. To find out if you must include any cancellation of debt in income, see Pub. 225.

• State gasoline or fuel tax refund you received in 2003.

• The amount of credit for Federal tax paid on fuels claimed on your 2002 Form 1040.  
 • The amount of credit for alcohol used as fuel that was entered on Form 4478.  
 • Any recapture of excess depreciation, including any section 179 expense deduction, if the business use percentage of any listed property decreased to 50% or less in 2003. Use Form 4797 to figure the recapture. See the instructions for Schedule C, line 13, on page C-4 for the definition of listed property.

• The inclusion amount on leased listed property (other than vehicles) when the business use percentage drops to 50% or less. See Pub. 946 to figure the amount.  
 • Any recapture of the deduction for clean-fuel vehicles used in your farming business and clean-fuel vehicle fueling property. For details on how to figure recapture, see Pub. 435.

• The gain or loss on the sale of commodity futures contracts if the contracts were made to protect you from price changes. These are a form of business in-

• Payments in the form of materials (such as fertilizer or lime) or services (such as grading or building dams).

These amounts are government payments you received, usually reported to you on Form 1099-G. You may also receive Form CCC-1099-G from the Department of Agriculture showing the amounts and type of payments made to you.

On line 6b, report only the taxable amount. For example, do not report the market gain shown on Form CCC-1099-G for resale. On line 6c, show the cost or other basis of the livestock and other items you received (see Lines 7a Through 7c below). No gain results from redemption of the commodity because you previously reported the CCC loan proceeds as income. You are treated as repurchasing the commodity for the amount of the loan repayment. However, if you did not report the CCC loan proceeds under the election, you must report the market gain on line 6b.

**Lines 7a Through 7c**

**Commodity Credit Corporation (CCC) Loans.** Generally, you do not report CCC loan proceeds as income. However, if you bring part or all of your production to secure a CCC loan you may elect to report the loan proceeds as income in the year you receive them, instead of the year you sell the crop. If you make this election for make the election in a prior year, report loan proceeds you received in 2003 on line 7a. Attach a statement to your return showing the details of the loan(s).

**Portofolod CCC Loans.** Include the full amount forfeited on line 7b, even if you reported the loan proceeds as income. If you did not elect to report the loan proceeds as income, also include the forfeited amount on line 7c.

If you did elect to report the loan proceeds as income, you generally will not have an entry on line 7c. But if the amount forfeited is different from your basis in the commodity, you may have an entry on line 7c.

See Pub. 225 for details on the tax consequences of electing to report CCC loan proceeds as income or forfeiting CCC loans.

**Lines 8a Through 8d**

In general, you must report crop insurance proceeds in the year you receive them. Federal crop disaster payments are treated as crop insurance proceeds. However, if 2003 is the year of damage, you may elect to include certain proceeds in the year for 2004. To make this election, check the box on line 8c and attach a statement to your return. See Pub. 225 for a description of the proceeds for which an election may be

You may also receive Form 1099-MISC for other types of income. In this case, report it on whatever line best describes the income. For example, if you received a Form 1099-MISC for custom farming work, include this amount on line 9. \*Custom line (taxable work) income.

**Lines 1 and 2**

On line 1, show amounts received from sales of livestock and other items bought for resale. On line 2, show the cost or other basis of the livestock and other items you actually sold.

**Line 4**

Show amounts received from sales of livestock, produce, grains, and other products you raised.

**Lines 5a and 5b**

If you received distributions from a cooperative in 2003, you should receive Form 1099-PATR. On line 5a, show your total distributions from cooperatives. This includes patronage dividends, patronage distributions, per unit return allocations, and redemption of nonqualified notices and per unit return allocations.

Show patronage dividends received in cash and the dollar amount of qualified written notices of allocation. If you received property as patronage dividends, report the fair market value of the property as income. Include cash advances received from a marketing cooperative. If you received per unit returns in cash, show the amount of cash. If you received qualified per unit return certificates, show the stated dollar amount of the certificates.

Do not include as income on line 5b patronage dividends from buying personal or family items, capital assets, or depreciable assets. Enter these amounts on line 5a only. If you do not report patronage dividends from these items as income, you must subtract the amount of the dividend from the cost or other basis of these items.

**Lines 6a and 6b**

Enter on line 6a the total of the following amounts:

- Price support payments.
- Market gain from the repayment of a secured Commodity Credit Corporation (CCC) loan for less than the original loan amount.
- Diversion payments.
- Cost share payments (split drafts).

passive activities only to the extent of in come from passive activities. For details, see Pub. 925.

**Part I. Farm Income—Cash Method**

In Part I, show income received for items listed on lines 1 through 10. Generally, report both the cash actually or constructively received and the fair market value of goods or other property received for these items. Income is constructively received when it is credited to your account or set aside for you to use. However, farm production flexibility contract payments received under the Federal Agriculture Improvement and Reform Act of 1996 are required to be included in income only in the year of actual receipt.

If you ran the farm yourself and received rents based on crop shares or farm production, report these rents as income on line 4.

**Sales of Livestock Related to Weather-Related Conditions**

If you sold livestock because of drought, flood, or other weather-related conditions, you can elect to report the income from the sale while year after the year of sale (all of the following apply).

- Your main business is farming.
- You can show that you sold the livestock only because of weather-related conditions.
- Your area qualified for Federal aid.

**Forms 1099 or CCC-1099-G**

If you received Forms 1099 or CCC-1099-G showing amounts paid to you, first determine if the amounts are to be included with farm income. Then, use the following chart to determine where to report the income on Schedule F. Include the Form 1099 or CCC-1099-G amount in the total amount reported on that line.

Form	Where to report
1099-PATR	Line 5a
1099-A	Line 7b
(for crop insurance)	Line 8a
1099-G or CCC-1099-G	Line 8a (for disaster payments) ...
	Line 8a (for other agricultural program payments) ...
	Line 6a

decisions based on economic performance. See Pub. 538.

**Farming syndicates cannot use the cash method of accounting.** A farming syndicate may be a partnership, any other non-corporate group, or an S corporation if:

- The interests in the business have never been for sale in a way that would require registration with any Federal or state agency or
- More than 35% of the loss during any tax year is shared by limited partners or limited entrepreneurs. A limited partner is one who can lose only the amount invested or required to be invested in the partnership. A limited entrepreneur is a person who does not take any active part in managing the business.

**Line D**

You need an employer identification number (EIN) only if you had a qualified retirement plan or were required to file an employment, excise, estate, trust, part-nership, or alcohol, tobacco, or firearms tax return. If you need an EIN, file Form SS-4. If you do not have an EIN, leave line D blank. Do not enter your SSN.

**Line E**

**Material Participation.** For the definition of material participation for purposes of the passive activity rules, see the instructions for Schedule C, line G, on page C-2. If you meet any of the material participation tests described in those instructions, check the "Yes" box.

If you are a retired or disabled farmer, you are treated as materially participating in a farming business if you materially participated 5 of the 8 years preceding your retirement or disability. Also, a surviving spouse is treated as materially participating in a farming activity if the real property used for farming meets the estate tax rules for special valuation of farm property passed from a qualifying decedent, and the surviving spouse actively manages the farm.

Check the "No" box if you did not materially participate. If you checked "No" and you have a loss from this business, see Limit on Passive Losses below. If you have a profit from this business other than passive activities or prior year unallowed passive activity losses, see the Instructions for Form 8882.

**Limit on Passive Losses.** If you checked the "No" box and you have a loss from this business, you may have to use Form 8582 to figure your allowable loss, if any, to enter on Schedule F, line 36. Generally, you can deduct losses from

**Part II. Farm Expenses**

Do not deduct the following:

- Personal or living expenses (such as taxes, insurance, or repair on your home) that do not produce farm income.
- Expenses of raising anything you or your family used.
- The value of animals you raised that died.
- Inventory losses.
- Personal losses.

If you were repaid for any part of an expense, you must subtract the amount you were repaid from the deduction.

**Capitalizing Costs of Property.** If you produced real or tangible personal property acquired for resale, certain expenses must be included in inventory costs or capitalized. These expenses include the direct cost of the property and the share of any indirect costs allocable to that property. However, these rules generally do not apply to expenses of:

- 1. Producing any plant that has a preproductive period of 2 years or less.
- 2. Raising animals, or
- 3. Replanting certain crops if they were lost or damaged by reason of freezing temperatures, disease, drought, pests, or casualty.

**Note.** Exceptions 1 and 2 above do not apply to tax shelter farming syndicates, or partnerships required to use the accrual method of accounting under section 447 or 448.

But you may be able to currently deduct rather than capitalize the expense of producing a plant with a preproductive period of more than 2 years. See Election To Deduct Certain Preproductive Period Expenses on page F-4.

Do not reduce your deductions on lines 12 through 36 by the preproductive period

not the plan qualified under the Internal Revenue Code, or whether or not you claim a deduction for the current tax year. There is a penalty for failure to timely file these forms.

**Form 5500** File this form for a plan that is not a one participant plan (see below).

**Form 5500-EZ** File this form for a one-participant plan. A one-participant plan is a plan that only covers you (or you and your spouse).

For details, see Pub. 540.

**Lines 26a and 26b**

If you rented or leased vehicles, machinery, or equipment, enter on line 26a the business portion of your rental costs. But if you leased a vehicle for a term of 30 days or more, you may have to reduce your deduction by an inclusion amount. For details, see the instructions for Schedule C, lines 20a and 20b, on page C-5.

Enter on line 26b amounts paid to rent or lease other property such as pasture or farm land.

**Line 27**

Enter amounts you paid for repairs and maintenance of farm buildings, machinery, and equipment. You can also include what you paid for tools of short life or minimal cost, such as shovels and rakes.

Do not deduct repairs or maintenance on your home.

**Line 31**

You can deduct the following taxes on this line:

- Real estate and personal property taxes on farm business assets.
- Social security and Medicare taxes you paid to match what you are required to withhold from farm employees' wages and any Federal unemployment tax paid.
- Federal highway use tax.

Do not deduct the following taxes on this line:

- Federal income taxes, including your self-employment tax. However, you may deduct one-half of your self-employment tax on Form 1040, line 28.
- Estate and gift taxes.
- Taxes assessed for improvements, such as paving and sewers.
- Taxes on your home or personal use property.
- State and local sales taxes on property purchased for use in your farming business. Instead, treat these taxes as part of the cost of the property.

23a the interest you paid for 2003 to banks or other financial institutions for which you received a Form 1098 (or similar state interest). If you did not receive a Form 1098, enter the interest on line 23b.

If you paid more mortgage interest than is shown on Form 1098, see Pub. 535 to find out if you can deduct the additional interest. If you can, include the amount on line 23a. Attach a statement to your return explaining the difference and enter "See attached" in the margin next to line 23a.

If you and at least one other person (other than your spouse if you file a joint return) were liable for and paid interest on the mortgage and the other person received the Form 1098, include your share of the interest on line 23b. Attach a statement to your return showing the name and address of the person who received the Form 1098. In the margin next to line 23b, enter "See attached."

Do not deduct interest you prepaid in 2003 for later years; include only the part that applies to 2003.

**Line 24**

Enter the amounts you paid for farm labor. Do not include amounts paid to yourself. Reduce your deduction by the current year credits claimed on:

- Form 5804, Work Opportunity Credit.
- Form 8834, Empowerment Zone and Renewal Community Employment Credit.
- Form 8845, Indian Employment Credit.
- Form 8861, Welfare-to-Work Credit, and
- Form 8884, New York Liberty Zone Business Employee Credit.

Count the cost of bonding farm labor from the farm. Count only what you paid household help to care for farm laborers.



If you provided taxable fringe benefits to your employees, such as personal use of a car, do not include in farm labor the amounts you depreciated or deducted else where.

**Line 25**

Enter your deduction for contributions to employee pension, profit-sharing, or annuity plans. If the plan is funded by a self-employed person, enter contributions made as an employer on your behalf on Form 1040, line 30, not on Schedule F.

Generally, you must file the applicable form listed below if you maintain a pension, profit-sharing, or other funded deferred compensation plan. The filing requirement is not affected by whether or

Form 1040, line 29, for details.

**Line 18**

If you use the cash method, you cannot deduct when paid the cost of feed your livestock will consume in a later year unless all of the following apply:

- The payment was for the purchase of feed rather than a deposit.
- The prepayment had a business purpose and was not made merely to avoid tax.
- Dedicating the prepayment will not materially distort your income.

If all of the above apply, you can deduct the prepaid feed, which is subject to the overall limit for Prepaid Farm Supplies explained on page F-4. If all of the above do not apply, you can deduct the prepaid feed only in the year it is consumed.

**Line 20**

Do not include the cost of transportation incurred in purchasing livestock held for resale as freight paid. Instead, add these costs to the cost of the livestock, and deduct them when the livestock is sold.

**Line 22**

Deduct on this line premiums paid for farm business insurance. Deduct on line 17 amounts paid for employee accident and health insurance. Amounts credited to a reserve for self-insurance or premiums paid for a policy that pays for your lost earnings due to sickness or disability are not deductible.

**Lines 23a and 23b**

**Interest Allocation Rules.** The tax treatment of interest differs depending on its type. For example, home mortgage interest and investment interest are treated differently. "Interest allocation" rules require you to allocate (classify) your interest expense so it is deducted on the correct line of your return and increases the right tax treatment. These rules could affect how much interest you are allowed to deduct on Schedule F.

Generally, you allocate interest expense by tracing how the proceeds of the loan are used. See Pub. 535 for details.

If you paid interest on a debt secured by your main home and any of the proceeds from that debt were used in your farming business, see Pub. 535 to figure the amount to include on lines 23a and 23b.

**How To Report.** If you have a mortgage on real property used in your farming business (other than your main home), enter on line

kept. If no plan exists, the expenses must be consistent with a plan of a comparable state agency. You cannot deduct the expenses if they were paid or incurred for land used in farming in a foreign country.

Do not deduct expenses you paid or incurred to drain or fill wetlands, to prepare land for center pivot irrigation systems, or to clear land.

Your deduction may not exceed 25% of your gross income from farming (excluding certain gains from selling assets such as farm machinery and land). If your conservation expenses are more than the limit, the excess may be carried forward and deducted in later tax years. However, the amount deductible for any 1 year may not exceed the 25% gross income limit for that year.

For details, see Pub. 225.

**Line 15**

Enter amounts paid for custom hire or machine work (the machine operator furnished the equipment).

Do not include amounts paid for rental or lease of equipment that you operated yourself. Instead, report those amounts on line 26a.

**Line 16**

You can deduct depreciation of buildings, improvements, cars and trucks, machinery, and other farm equipment of a permanent nature.

Do not deduct depreciation on your home, furniture or other personal assets, land, livestock you bought or raised for resale, or other property in your inventory.

You may also elect under section 179 to expense a portion of the cost of certain tangible property you bought in 2003 for use in your farming business.

For details, including when you must complete and attach Form 4562, see the instructions for Schedule C, line 13, on page C-4.

**Line 17**

Deduct contributions to employee benefit programs that are not an incidental part of a pension or profit-sharing plan included on line 25. Examples are accident and health plans, group-term life insurance, and dependent care assistance programs.

Do not include on line 17 any contributions you made on your behalf as a self-employed person to an accident and health plan or for group-term life insurance. You may be able to deduct on Form 1040, line 29, the amount you paid for health insurance on behalf of yourself, your spouse, and dependents even if you do not remain

of your other deductible farm expenses in the year of payment. You can deduct the excess only in the year you use or consume the supplies (other than poultry, which is deductible as explained above). For details and exceptions to these rules, see Pub. 225.

**Line 12**

You can deduct the actual expenses of running your car or truck or take the standard mileage rate. You must use rental expenses if you used your vehicle for hire or only in your farming business (such as in fleet operations). You cannot use actual expenses for a leased vehicle if you previously used the standard mileage rate for that vehicle.

You can take the standard mileage rate for 2003 only if you:

- Owned the vehicle and use the standard mileage rate for the first year you placed the vehicle in service or
- Leased the vehicle and are using the standard mileage rate for the entire lease period (except the period, if any, before 1998).

If you deduct actual expenses:

- Include on line 12 the business portion of expenses for gasoline, oil, repairs, maintenance, tires, license plates, etc., and
- Show depreciation on line 16 and rent or lease payments on line 26a.

If you take the standard mileage rate, multiply the number of business miles by 36 cents. Add to this amount your parking fees and tolls, and enter the total on line 12. Do not deduct depreciation, rent or lease payments, or your actual operating expenses.

If you claim any car or truck expenses (actual or the standard mileage rate), you must provide the information requested in Part V of Form 4562. Be sure to attach Form 4562 to your return.

For details, see Pub. 463.

**Line 14**

Deductible soil and water conservation expenses generally are those that are paid to conserve soil and water or to prevent erosion of land used for farming. These expenses include but are not limited to the cost of leveling, grading and terracing, contour farming, the construction, control, and protection of diversion channels, drainage ditches, earthen dams, watercourses, outlets and ponds, the eradication of brush, and the planting of windbreaks.

These expenses can be deducted only if they are consistent with a conservation plan approved by the Natural Resources Conservation Service of the Department of Agriculture for the area in which your land is

expenses you must capitalize. Instead, enter the total amount capitalized in parentheses on line 34t. See Preproductive Period Expenses on page F-6 for details.

If you provided an election in 1981 before 1981 to deduct preproductive period expenses for animals, you must continue to apply the alternative depreciation rules to property placed in service while your election was in effect. Also, the expenses you previously chose to deduct will have to be recognized as ordinary income when you dispose of the animal.

**Election To Deduct Certain Preproductive Period Expenses.** If the preproductive period of any plant you produce is more than 2 years, you may choose to currently deduct the expenses rather than capitalize them. But you may not make this election at the end of planting or growing, care or almost grows that are incurred before the end of the 4th tax year beginning with the tax year you planted them in their permanent grove. By deducting the preproductive period expenses for which you may make this election, you are treated as having made the election.

Note. In the case of a partnership or S corporation, the election must be made by the partner or shareholder. This election may not be made by tax shelter, farming syndicates, or partners in partnerships required to use the accrual method of accounting under section 467 or 468.

If you make the election to deduct preproductive expenses for plants, any gain you realize when disposing of the plants is ordinary income up to the amount of the preproductive expenses you deducted. Also, the alternative depreciation rules apply to property placed in service in any tax year your election is in effect. Unless you obtain IRS consent, you must make this election for the first tax year in which you engage in a farming business involving the production of property subject to the capitalization rules. You may not revoke this election without IRS consent.

For details, see Pub. 225.

**Prepaid Farm Supplies.** Generally, if you use the cash method of accounting and your prepaid farm supplies are more than 50% of your other deductible farm expenses, you can deduct for those supplies, but be limited to the cost of seed, fertilizer, and similar farm supplies not used or consumed during the year. They also include the cost of poultry that would be allowable as a deduction in a later tax year if you were to (a) capitalize the cost of poultry bought for use in your farming business and deduct it ratably over the lesser of 12 months or the useful life of the poultry and (b) deduct the cost of poultry bought for resale in the year you sell or otherwise dispose of it.

If the limit applies, you can deduct pre-

Department of the Treasury  
Internal Revenue Service

## 2003 Instructions for Schedule J

### Farm Income Averaging

Use Schedule J (Form 1040) to elect to figure your 2003 tax by averaging over the previous 3 year (base years), all or part of your 2003 taxable income from your trade or business of farming. Making this election may give you a lower tax if your 2003 income from farming is high and your taxable income for one or more of the 3 prior years was low.

If you use alternative minimum tax (AMT) for 2003 (figured without regard to farming income averaging), filing Schedule J will not reduce your total tax for 2003. Filing Schedule J may, however, increase your credit for prior year minimum tax in a later tax year.

This election does not apply when figuring your tentative minimum tax on Form 4251 (that is, you cannot average your AMT farm income). Also, you do not have to recalculate, because of this election, the tax liability of any minor child who was required to use your tax rates in the prior years.

Farming that you elect to include on line 2, you do not have to include all of your taxable income from farming on line 2. It may be to your advantage to include less than the full amount, depending on how the amount you include on line 2 affects your tax bracket for the current and prior 3 tax years.

Your elected farm income cannot exceed your taxable income. Also, the portion of your elected farm income treated as a net capital gain cannot exceed the smaller of your total net capital gain or your net capital gain attributable to your farming business. If your elected farm income includes net capital gain, you must allocate an equal portion of the net capital gain to each of the base years. If, for any base year, you had a capital loss that resulted in a capital loss carryover to the next tax year, do not reduce the elected farm income allocated to that base year by any part of the carryover.

**TP**

- Generally, farm income, gains, losses, and deductions are reported on:
- Form 1040, line 7, to the extent of wages and other compensation you received as a shareholder in an S corporation engaged in a farming business;
  - Schedule D;
  - Schedule E, Part II;
  - Schedule F;
  - Form 4797; and
  - Form 4835.

### General Instructions

#### Prior Year Tax Returns

You may need copies of your original or amended income tax returns for 2000, 2001, and 2002 to figure your tax on Schedule J. If you do not have copies of these returns, you can get them by filing Form 4596. See your Form 1040 instruction booklet to find out how to get this form. Keep a copy of your 2003 income tax return for use in 2004, 2005, or 2006.

#### Additional Information

See Regulations section 1.1301-1 for more details.

### Specific Instructions

#### Line 2

##### Elected Farm Income

To figure elected farm income, first figure your taxable income from farming. Taxable income from farming includes all income, gains, losses, and deductions attributable to any farming business. However, it does not include gain from the sale or other disposition of land.

Your elected farm income is the amount of your taxable income from

• Amounts borrowed for use in the activity from a person who has an interest in the activity, other than as a creditor, or who is related under section 450(b)(3) to a person (other than you) having such an interest.

If all amounts are at risk in this business, check box 37a and enter your loss on line 36. But if you checked the "No" box on line E, you may need to complete Form 8582 to figure your allowable loss to enter on line 36. See the Instructions for Form 8582.

If you checked box 37b, see Form 6198 to determine the amount of your deductible loss and enter that amount on line 36. But if you checked the "No" box on line E, your loss may be further limited. See the Instructions for Form 8582. If your at-risk amount is zero or less, enter zero on line 36. Be sure to attach Form 6198 to your return. If you checked box 37b and you do not attach Form 6198, the processing of your tax return may be delayed.

Any loss from this activity not allowed for 2003 because of the at-risk rules is treated as a deduction allocable in the activity in 2004.

For details, see Pub. 925 and the Instructions for Form 6198.

### Part III. Farm Income—Accrual Method

If you use the accrual method, report farm income when you earn it, not when you receive it. Generally, you must include animals and crops in your inventory if you use this method. See Pub. 225 for exceptions. Inventory methods how to change methods of accounting, and for rules that require certain costs to be capitalized or included in inventory.

#### Line 38

Enter the amount earned from the sale of livestock, produce, grains, and other products you raised.

#### Lines 39a Through 41c

See the instructions for lines 5a through 7c that begin on page F-2.

#### Line 44

See the instructions for line 10 on page F-3.

• Other taxes not related to your farming business.

#### Line 32

Enter amounts you paid for gas, electricity, water, etc., for business use on the farm. Do not include personal utilities. You cannot deduct the base rate (including taxes) of the first telephone line into your residence, even if you use it for your farming business. But you can deduct expenses you paid for your farming business that are more than the cost of the base rate for the first phone line. For example, if you had a second phone line, you can deduct the business percentage of the charges for that line, including the base rate charges.

#### Line 36

If you have a loss, the amount of loss you can deduct this year may be limited. Go on line 37 before entering your loss on line 36. If you checked the "No" box on line E on Schedule F, also see the instructions on Form 8582. Enter the net profit or deductible loss here and on Form 1040, line 18, and Schedule SE, line 1. Estates and trusts should enter the net profit or deductible loss here and on Form 1041, line 6.

Partnerships should stop here and enter the profit or loss on this line and on Form 1065, line 5 (or Form 1065-B, line 7). If you have a net profit on line 36, this amount is earned income and may qualify you for the earned income credit if you meet certain conditions. See the instructions for Form 1040, line 63, for details.

#### Line 37

**At-Risk Rules.** Generally, if you have (a) a loss from a farming activity and (b) amounts in the activity for which you are not at risk, you will have to complete Form 6198 to figure your allowable loss. The at-risk rules generally limit the amount of loss (including loss on the disposition of assets) you can claim to the amount you could actually lose in the activity.

Check box 37b if you have amounts for which you are not at risk in this activity, such as the following:

- Necessary loans used to finance the activity, or to acquire the property that are not secured by your own property (other than property used in the activity). However, there is an exception for certain nonrecourse financing arranged by you in connection with holding real property.
- Cash, property, or borrowed amounts used in the activity (or contributed to the activity, or used to acquire the activity) that are protected against loss by a guarantee, stop-loss agreement, or other similar arrangement (excluding casualty insurance and insurance against tort liability).

#### Lines 34a Through 34f

Include all ordinary and necessary farm expenses not deducted elsewhere on Schedule F, such as advertising, office supplies, etc. Do not include fines or penalties paid to a government for violating any law.

**Amortization.** You can amortize qualifying forestation and reforestation costs over 84 months. You can also amortize certain business startup costs over a period of at least 60 months. For details, see Pub. 535.

**For amortization that begins in 2003, you must complete and attach Form 4562.**

**At-Risk Loss Deduction.** Any loss from this activity that was not allowed as a deduction last year because of the at-risk rules is treated as a deduction allocable to this activity in 2003.

**Bad Debts.** See Pub. 535.

**Business Use of Your Home.** You may be able to deduct certain expenses for business use of your home, subject to limitations. Use the worksheet in Pub. 587 to figure your allowable deduction. Do not use Form 8829.

**Deduction for Clean-Fuel Vehicles and Clean-Fuel Vehicle Refueling Property.** You may deduct part of the cost of qualified clean-fuel vehicle property used in your farming business and qualified clean-fuel vehicle refueling property. See Pub. 535.

**Legal and Professional Fees.** You can deduct on this line fees for tax advice related to your farming business and for preparation of the tax forms related to your farming business.

**Travel, Meals, and Entertainment.** Generally, you can deduct expenses for farm business travel and 50% of your business meals and entertainment. But there are exceptions and limitations. See the instructions for Schedule C, lines 24a through 24c, on page C-5.

figuring the tax on Schedule D, lines 33 and 55)

The 2000 Capital Gain Tax Worksheet below, or

The Schedule D you filed for 2000 (but use the 2000 Tax Rate Schedules below instead of the 2000 Tax Table when

Line 8

If line 7 is zero, enter zero on line 8. Otherwise, figure the tax on the amount on line 7 using:

- The 2000 Tax Rate Schedules below.

2000 Tax Rate Schedules—Line 8

Table with columns for Single, Married filing jointly, and Head of household. Rows include Schedule X, Schedule Y-1, Schedule Y-2, and Schedule Z.

2000 Capital Gain Tax Worksheet—Line 8

Use this worksheet only if you entered capital gain distributions directly on line 13 of your 2000 Form 1040 (or line 10 of your 2000 Form 1040A) and checked the box on that line and elected farm income included on Schedule J, lines 5 and 6, do not include any net capital gain.

Form with 15 numbered lines for calculating capital gain tax, including instructions for each line.

ever, John had a \$22,550 NOL on 2001, \$9,000 of which was remaining to carry to 2000 after the NOL was carried back to 1999. To complete line 1 of the worksheet, John combines the \$9,000 NOL deduction with the \$1,000 from his 2000 Form 1040, line 39. The result is a net amount of \$10,000, which he enters as a positive amount on line 1 of the 2000 worksheet.

When John filed his 2000 tax return, he had a \$3,000 net capital loss debit on Schedule D, line 18 (which was also entered on Form 1040, line 13), a \$1,000 loss on Schedule D, line 17, and a \$4,000 capital loss carryover to 2001. However, when John carried back the 2001 NOL to 2000, he refigured his 2000 capital loss carryover to 2001 as \$7,000. John adds the \$7,000 carryover. He subtracts from the result the \$7,000 loss on his Schedule D, line 17, and enters \$3,000 on line 2 of the worksheet.

John had \$1,000 of taxable income in 2000 that reduced the 2001 NOL carryback. The \$3,800 of exemptions also reduced the amount of the 2001 NOL carryback. Therefore, only \$2,200 was available to carry to 2002 and later years, as shown on his 2001 Form 1045, Schedule B, line 9. John enters the \$2,200 on line 3 of the worksheet, and \$5,200 on line 4. He then subtracts the \$5,200 from the \$8,000 on line 1 and enters the result, \$2,800, on line 5 of the worksheet. He enters a negative \$2,800 on Schedule J, line 5. He combines that amount with the \$6,000 on Schedule J, line 6, and enters \$3,200 on Schedule J, line 7.

2003 tax return, if there, even if you did not file a tax return for 2000.

Instructions for 2000 Taxable Income Worksheet

Line 2. Any net capital loss deduction on your 2000 Schedule D, line 18, is not allowed for farm income averaging purposes to the extent it did not reduce your capital loss carryover to 2001. This could happen if the taxable income before subtracting exemptions shown on your 2000 Form 1040, line 37 (or as previously adjusted), was less than zero. Enter the amount by which your 2000 capital loss carryover to 2001 (the sum of your short- and long-term capital loss carryovers) exceeds the excess of the loss on your 2000 Schedule D, line 17, over the loss on your 2000 Schedule D, line 18. If you had any net operating loss (NOL) carrybacks to 2000, be sure you refigured your 2000 capital loss carryover to 2001.

Line 3. If you had an NOL for 2000, enter the amount of that NOL as figured on line 27 of the 2000 Form 1045, Schedule A, you filed with Form 1045, or Form 1040X. If you did not have an NOL for 2000, enter the portion, if any, of the NOL carryovers and carrybacks to 2000 that were not used in 2000 and were carried to years after 2000.

Example. John Farmington did not use farm income averaging in 2000, 2001, or 2002. John has \$1,000 of elected farm income on line 2. The taxable income before subtracting exemptions shows his 2000 Form 1040, line 37, was \$3,800. A deduction for exemptions of \$2,800 was shown on line 36, and line 39, taxable income, was \$1,000. How-

Figure the tax on the amount on line 3 using the 2003 Tax Table, Tax Rate Schedules, or Qualified Dividends and Capital Gain Tax Worksheet from your 2003 Form 1040 instruction booklet, or use Schedule D. Enter the tax on line 4.

Line 5

If you used Schedule J to figure your tax for 2002 that is, you entered the amount from line 22 of that Schedule J on Form 1040, line 42, or on Form 1040X, enter on line 5 the amount from line 11 of your 2002 Schedule J. If you used Schedule J to figure your tax for 2001 but not 2002, enter on line 5 the amount from line 15 of your 2001 Schedule J. If you used Schedule J to figure your tax for 2000 but not 2001 nor 2002, enter on line 5 the amount from line 3 of your 2000 Schedule J.

If you figured your tax for 2000, 2001, and 2002 without using Schedule J, enter on line 5 the taxable income from your 2000 tax return (or as previously adjusted) by the IRS, an amended return, etc.) But if that amount is zero or less, complete the worksheet below to figure the amount to enter on line 5.

If you filed your 2000 tax return using TeleFile, use the taxable income from your TeleFile Tax Record. If you did not file a tax return for 2000, use the amount you would have reported as your taxable income had you been required to file a tax return. Be sure to keep all your records for 2000 for at least 3 years after April 15, 2004 (or the date you file your

2000 Taxable Income Worksheet—Line 5

Complete this worksheet if you figured your tax for both 2001 and 2002 without using Schedule J and your 2000 taxable income was zero or less. See the instructions above before completing this worksheet.

Form with 5 numbered lines for calculating taxable income, including instructions for each line.

**Line 9**

If you used Schedule J to figure your tax for 2002, that is, if you checked the box on line 22 of this Schedule J, Form 1040, line 12, or on Form 1040X, line 9 of the 2002 Schedule J, if you used Schedule J to figure your tax for 2001 but not 2002, enter on line 9 the amount from line 3 of your 2001 Schedule J.

If you figured your tax for both 2001 and 2002 without using Schedule J, enter on line 9 the taxable income from your 2001 tax return for as previously adjusted by the IRS, an amended return, etc.) But if that amount is zero or less, complete the worksheet below to figure the amount to enter on line 9.

If you figured your 2001 tax return using TeleFile, enter the taxable income from your TeleFile Tax Record. If you did not file a tax return for 2001, use the amount you would have reported as your taxable income had you been required to file a tax return. Be sure to keep all your records for 2001 until at least 3 years after April 15, 2004 (or the date you file your 2003 tax return, if later), even if you did not file a tax return for 2001.

**Instructions for 2001 Taxable Income Worksheet**

Line 2. Any net capital loss deduction on your 2001 Schedule D, line 18, is not al-

lowed for farm income averaging purposes to the extent it did not reduce your capital loss carryover to 2002. This could happen if the taxable income below your taxing exemptions shown on your 2001 Form 1040, line 37 (or as previously adjusted), was less than zero. Enter the amount by which your 2001 capital loss carryover to 2002 (the sum of your short- and long-term capital loss carryovers) exceeds the excess of the loss on your 2001 Schedule D, line 17, over the loss on your 2001 Schedule D, line 18. If you had any NOL carrybacks to 2001, be sure you reflected your 2001 capital loss carryover to 2002.

Line 3. If you had an NOL for 2001, enter the amount of that NOL as figured on line 27 of the 2001 Form 1045, Schedule A, line 27. Of the \$33,000 negative taxable income, the \$3,000 deduction for exemptions, the \$31,000 capital loss deduction, and his \$4,550 standard deduction, were not included in the NOL. John also had a \$22,550 loss on his 2001 Schedule F; the only other item on his 2001 tax return.

Example. John Farmington did not use farm income averaging for 2000, 2001, or 2002. The taxable income before subtracting exemptions on his 2001 Form 1040, line 37, is a negative \$30,100. A deduction for exemptions of \$2,900 is shown on line 38, and line 39, taxable income, is limited to zero. John subtracts from the \$30,100 loss the \$2,900 deduction for exemptions. The result is a negative amount.

tive \$33,000. John's 2001 taxable income, which he enters as a positive amount on line 11 of the 2001 worksheet.

John had a \$3,000 net capital loss deduction on Schedule D, line 18 (which was also entered on Form 1040, line 13), and a \$7,000 loss on Schedule D, line 17 (as adjusted). He also had a \$7,000 capital loss carryover to 2002. John adds the \$3,000 from Schedule D, line 18, and the \$7,000 carryover. He subtracts from the result the \$7,000 loss on his Schedule D, line 17, and enters \$3,000 on line 2 of the worksheet.

John enters \$22,550 on line 3 of the worksheet, the 2001 NOL from his 2001 Form 1045, Schedule A, line 27. Of the \$33,000 negative taxable income, the \$3,000 deduction for exemptions, the \$31,000 capital loss deduction, and his \$4,550 standard deduction, were not included in the NOL. John also had a \$22,550 loss on his 2001 Schedule F; the only other item on his 2001 tax return.

John enters \$25,550 on line 4 and \$7,450 on line 5. He enters \$7,450 as a negative amount on Schedule J, line 9. He enters \$6,000 on Schedule J, line 10, and a negative \$1,450 on Schedule J, line 11. If he uses Schedule J to figure his tax for 2004, he will enter the negative \$1,450 amount on his 2004 Schedule J as his 2001 taxable income for farm income averaging purposes.

**2001 Taxable Income Worksheet—Line 9**

Complete this worksheet if you did not use Schedule J to figure your tax for 2002 and your 2001 taxable income was zero or less. See the instructions above before completing this worksheet.

1. Figure the taxable income from your 2001 tax return (or as previously adjusted) without limiting it to zero. If you had an NOL for 2001, do not include any NOL carryovers or carrybacks to 2001. Enter the result as a positive amount.	1.	
2. If there is a loss on your 2001 Schedule D, line 18, add that loss (as a positive amount) and your 2001 capital loss carryover to 2002. Subtract from that sum the amount of the loss on your 2001 Schedule D, line 17, and enter the result.	2.	
3. If you had an NOL for 2001, enter it as a positive amount. Otherwise, enter as a positive amount the portion, if any, of the NOL carryovers and carrybacks to 2001 that were not used in 2001 and were carried to years after 2001.	3.	
4. Add lines 2 and 3.	4.	
5. Subtract line 4 from line 1. Enter the result as a negative amount on Schedule J, line 9.	5.	

**Keep for Your Records**

1. Amount from Schedule J, line 11	1.	
2. Amount from your 2001 Form 1040, line 13 (or Form 1040A, line 10)	2.	
3. Subtract line 2 from line 1. If zero or less, enter -0-	3.	
4. Figure the tax on the amount on line 3. Use the 2001 Tax Rate Schedules above	4.	
5. Enter the smaller of: • The amount on line 1 above or • \$37,050 if single for 2001, \$45,200 if married filing jointly or qualifying widow(er), \$32,600 if married filing separately, or \$36,250 if head of household	5.	
6. Enter the amount from line 3	6.	
7. Subtract line 6 from line 5. If zero or less, enter -0- and go to line 9	7.	
8. Multiply line 7 by 10% (.10)	8.	
9. Enter the smaller of line 1 or line 2	9.	
10. Enter the amount from line 7	10.	
11. Subtract line 10 from line 9. If zero or less, enter -0- and go to line 13	11.	
12. Multiply line 11 by 20% (.20)	12.	
13. Add lines 4, 6, and 12	13.	
14. Figure the tax on the amount on line 1. Use the 2001 Tax Rate Schedules above	14.	
15. Tax. Enter the smaller of line 13 or line 14 here and on Schedule J, line 12	15.	

**Line 11**

If line 11 is zero or less, enter zero on the amount on line 11 using:

- The 2001 Tax Rate Schedules below.
- The 2001 Capital Gain Tax Worksheet below, or
- The 2001 Capital Gain Tax Worksheet below, or
- The Schedule J you filed for 2001 (but use the 2001 Tax Rate Schedules below instead of the 2001 Tax Table when figuring the tax on Schedule D, lines 25 through the tax on Schedule D, lines 25

**2001 Tax Rate Schedules—Line 12**

Schedule X—Use if your 2001 filing status was Single		Schedule Y-2—Use if your 2001 filing status was Married filing separately	
If Schedule J, line 11, is:	Enter on Schedule J, line 12:	If Schedule J, line 11, is:	Enter on Schedule J, line 12:
But not over—	But not over—	But not over—	But not over—
Over—	Over—	Over—	Over—
\$0	\$0	\$0	\$0
27,050	\$4,037.50 + 27.5%	22,600	\$3,900.00 + 27.5%
65,550	14,645.00 + 30.5%	54,625	12,196.88 + 30.5%
136,750	36,361.00 + 33.5%	83,250	20,977.50 + 33.5%
297,350	93,374.00 + 39.1%	148,075	44,153.38 + 39.1%

Schedule Y-1—Use if your 2001 filing status was Married filing jointly or Qualifying widower		Schedule Z—Use if your 2001 filing status was Head of household	
If Schedule J, line 11, is:	Enter on Schedule J, line 12:	If Schedule J, line 11, is:	Enter on Schedule J, line 12:
But not over—	But not over—	But not over—	But not over—
Over—	Over—	Over—	Over—
\$0	\$0	\$0	\$0
45,200	\$6,780.00 + 27.5%	36,250	\$5,437.50 + 27.5%
109,250	24,937.75 + 30.5%	93,650	21,222.50 + 30.5%
166,500	41,655.00 + 33.5%	151,650	34,921.50 + 33.5%
297,350	82,306.75 + 39.1%	297,350	90,636.00 + 39.1%

**2001 Capital Gain Tax Worksheet—Line 12**

Use this worksheet only if you entered capital gain distributions directly on line 13 of your 2001 Form 1040 (or line 10 of your 2001 Form 1040A) and checked the box on that line and checked farm income included on Schedule J, lines 9 and 10, does not include any net capital gain.

1. Amount from Schedule J, line 11	1.	
2. Amount from your 2001 Form 1040, line 13 (or Form 1040A, line 10)	2.	
3. Subtract line 2 from line 1. If zero or less, enter -0-	3.	
4. Figure the tax on the amount on line 3. Use the 2001 Tax Rate Schedules above	4.	
5. Enter the smaller of: • The amount on line 1 above or • \$37,050 if single for 2001, \$45,200 if married filing jointly or qualifying widow(er), \$32,600 if married filing separately, or \$36,250 if head of household	5.	
6. Enter the amount from line 3	6.	
7. Subtract line 6 from line 5. If zero or less, enter -0- and go to line 9	7.	
8. Multiply line 7 by 10% (.10)	8.	
9. Enter the smaller of line 1 or line 2	9.	
10. Enter the amount from line 7	10.	
11. Subtract line 10 from line 9. If zero or less, enter -0- and go to line 13	11.	
12. Multiply line 11 by 20% (.20)	12.	
13. Add lines 4, 6, and 12	13.	
14. Figure the tax on the amount on line 1. Use the 2001 Tax Rate Schedules above	14.	
15. Tax. Enter the smaller of line 13 or line 14 here and on Schedule J, line 12	15.	

**Keep for Your Records**

1. Amount from Schedule J, line 11	1.	
2. Amount from your 2001 Form 1040, line 13 (or Form 1040A, line 10)	2.	
3. Subtract line 2 from line 1. If zero or less, enter -0-	3.	
4. Figure the tax on the amount on line 3. Use the 2001 Tax Rate Schedules above	4.	
5. Enter the smaller of: • The amount on line 1 above or • \$37,050 if single for 2001, \$45,200 if married filing jointly or qualifying widow(er), \$32,600 if married filing separately, or \$36,250 if head of household	5.	
6. Enter the amount from line 3	6.	
7. Subtract line 6 from line 5. If zero or less, enter -0- and go to line 9	7.	
8. Multiply line 7 by 10% (.10)	8.	
9. Enter the smaller of line 1 or line 2	9.	
10. Enter the amount from line 7	10.	
11. Subtract line 10 from line 9. If zero or less, enter -0- and go to line 13	11.	
12. Multiply line 11 by 20% (.20)	12.	
13. Add lines 4, 6, and 12	13.	
14. Figure the tax on the amount on line 1. Use the 2001 Tax Rate Schedules above	14.	
15. Tax. Enter the smaller of line 13 or line 14 here and on Schedule J, line 12	15.	

• You filed Form 100NR for 2001. If the 2001 Capital Gain Tax Worksheet or Schedule D also applies, follow the Special Rules on the worksheet on page J-6 to figure your tax.

and 39, or on lines 15 and 36 of the Schedule D Tax Worksheet.

Exception. You must use the 2001 Tax Computation Worksheet for Certain Dependents and Nonresident Alien Individuals on page J-6 if you, or your spouse if filing jointly, did not receive (before offset) an advance payment of your 2001 taxes and either of the following apply:  
• You, or your spouse if filing jointly, could be claimed as a dependent on someone else's 2001 tax return.

**2001 Tax Computation Worksheet for Certain Dependents and Nonresident Alien Individuals — Line 12**

Use this worksheet only if you, or your spouse, if filing jointly, did not receive (before offset) an advance payment of your 2001 taxes and (a) you, or your spouse if filing jointly, could be claimed as a dependent on someone else's 2001 tax return or (b) you filed Form 1040NR for 2001.

**Special Rules. If:**

- The 2001 Capital Gain Tax Worksheet on page J-5 applies, use this worksheet to figure the tax on lines 4 and 14 of the 2001 Capital Gain Tax Worksheet.
- Part IV of the 2001 Schedule D applies, use this worksheet to figure the tax on lines 25 and 39 of Part IV. If the 2001 Schedule D Tax Worksheet applies, use this worksheet to figure the tax on lines 15 and 36 of the Schedule D Tax Worksheet.

1. Figure the tax on the amount on Schedule J, line 11 (or the applicable line of the worksheet or schedule listed above) Use the 2001 Tax Rate Schedules on page J-5 . . . . . 1.

2. Is the amount on line 1 more than the amount shown below for your 2001 filing status?

- Single or married filing separately — \$900
- Married filing jointly or qualifying widow(er) — \$1,800
- Head of household — \$1,500

Yes. Enter: \$300 if single or married filing separately (or 2001: \$500 if head of household; \$600 if married filing jointly or qualifying widow(er)). . . . . 2.

No. Divide the amount on line 1 by 3.0. . . . . 3.

3. Subtract line 2 from line 1. Enter the result here and on Schedule J, line 12 (or the applicable line of the worksheet or schedule listed above) . . . . .

**Line 13**

If you used Schedule J to figure your tax for 2002 (that is, you entered the amount from line 22 of that Schedule J on Form 1040, line 42, or on Form 1040X), enter on line 13 the amount from line 3 of that Schedule J.

If you did not use Schedule J to figure your tax for 2002, enter on line 13 the taxable income from your 2002 tax return (or as previously adjusted by the IRS, an amended return, etc.). But if that amount is zero or less, complete the worksheet below to figure the amount to enter on line 13.

If you filed your 2002 tax return using TeleFile, enter the taxable income from your TeleFile Tax Return. If you did not file a tax return for 2002, use the amount you would have reported as your taxable income had you been required to file a tax return. Be sure to keep all your records (19, 2004 (or the later year) the year 2003 tax return, if later), even if you did not file a tax return for 2002.

**Instructions for 2002 Taxable Income Worksheet**

Line 2. Any net capital loss deduction on your 2002 Schedule D, line 13, is not allowed for farm income averaging purposes to the extent it did not reduce your capital loss carryover to 2003. This could happen if the taxable income before subtracting exemptions shown on your 2002 Form 1040, line 39 (or as previously adjusted), was less than zero. Enter the

amount by which your 2002 capital loss carryover to 2003 (the sum of your short- and long-term capital loss carryovers) exceeds the excess of the loss on your 2002 Schedule D, line 17, over the loss on your 2002 Schedule D, line 18.

Line 3. If you had an NOL for 2002, enter the amount of that NOL as figured on line 27 of the 2002 Form 1045, Schedule A, you filed with Form 1045 or Form 1040X. If you did not have an NOL for 2002, enter the portion, if any, of the NOL carryovers and carrybacks to 2002 that were not used in 2002, and were carried to years after 2002.

**Example.** John Farmington did not use farm income averaging for 2000, 2001, or 2002. The taxable income before subtracting exemptions on his 2002 Form 1040, line 39, is a negative \$1,000. This amount includes an NOL deduction (NOL) on his 2002 Form 1040, line 21, of \$2,200. The \$2,200 is the portion of the 2001 NOL that was remaining from 2000 to be carried to 2002. See the examples on pages J-2 and J-4. A deduction for exemptions of \$3,000 is shown on Form 1040, line 40, and line 41, taxable income, is limited to zero. John does not have an NOL for 2002. John subtracts from the \$1,000 negative amount on Form 1040, line 39, the \$3,000 deduction for exemptions. The result is a negative \$4,000. John's 2002 taxable income, which he enters as a positive amount on line 1 of the 2002 worksheet.

John had a \$3,000 net capital loss deduction on Schedule D, line 18 (which

was also entered on Form 1040, line 13, a \$7,000 loss on Schedule D, line 17, and a \$5,000 capital loss carryover to 2003 this 2002 capital loss carryover to 2003 was \$5,000, not \$4,000, because the amount on his Form 1040, line 39, was a negative \$1,000. John adds the \$3,000 from Schedule D, line 18, and the \$5,000 carryover. He reduces the result by the \$7,000 loss on his Schedule D, line 17, and enters \$1,000 on line 2 of the work sheet.

John enters zero on line 3 of the worksheet because he does not have an NOL for 2002 and did not have an NOL carryover from 2002 available to carry to 2003 and later years. The NOL for 2002 of \$2,200 was reduced to zero because it did not exceed his modified taxable income of \$4,200. Modified taxable income is figured by adding back the \$3,000 net capital loss deduction and the \$3,000 of exemptions to negative taxable income (figured without regard to the NOL) of \$1,800. John enters \$1,000 on line 4 and \$3,000 on line 5. He enters \$3,000 as a negative amount on Schedule J, line 13. He enters \$6,000 on Schedule J, line 14, and \$3,000 on Schedule J, line 15. If he uses Schedule J to figure his tax for 2004, he will enter \$3,000 on his 2004 Schedule J as his 2002 taxable income for farm income averaging purposes.

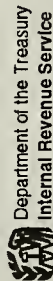
**2002 Taxable Income Worksheet—Line 13**

Complete this worksheet if your 2002 taxable income is zero or less. See the instructions above before completing this worksheet.

1. Figure the taxable income from your 2002 tax return (or as previously adjusted) without limiting it to zero. If you had an NOL for 2002, do not include any NOL carryovers or carrybacks to 2002. Enter the result as a positive amount . . . . . 1.
2. If there is a loss on your 2002 Schedule D, line 18, add that loss (as a positive amount) and your 2002 capital loss carryover to 2003. Subtract from that sum the amount of the loss on your 2002 Schedule D, line 17, and enter the result . . . . . 2.
3. If you had an NOL for 2002, enter it as a positive amount. Otherwise, enter as a positive amount the portion, if any, of the NOL carryovers and carrybacks to 2002 that were not used in 2002 and were carried to years after 2002 . . . . . 3.
4. Add lines 2 and 3 . . . . . 4.
5. Subtract line 4 from line 1. Enter the result as a negative amount on Schedule J, line 13 . . . . . 5.

Keep for Your Records





# 2003 Instructions for Schedule SE (Form 1040) Self-Employment Tax

Use Schedule SE (Form 1040) to figure the tax due on net earnings from self-employment. The Social Security Administration uses the information from Schedule SE to figure your benefits under the social security program. This tax applies no matter how old you are and even if you are already getting social security or Medicare benefits.  
Additional information. See Pub. 533.

## Members of Certain Religious Sects

If you have conscientious objections to social security insurance because of your membership in and belief in the teachings of a religious sect recognized as being in 1953 and which has since January 31, 1953, had a written constitution and a level of living for its dependent members, you are exempt from SE tax if you received IRS approval by filing Form 4029. In this case, do not file Schedule SE. Instead, write "Exempt-Form 4029" on Form 1040, line 55. See Pub. 517 for details.

## U.S. Citizens Employed by Foreign Governments or International Organizations

You must pay SE tax on income you earned as a U.S. citizen employed by a foreign government (or, in certain cases, by a wholly owned instrumentality of a foreign government or an international organization under the International Organizations Immunities Act) for services performed in the United States, Puerto Rico, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands (CNMI), or the Virgin Islands. Report income on this employment on line 2 of either Short or Long Schedule SE. If you have a foreign residence or an international organization, those earnings are exempt from SE tax.

## U.S. Citizens or Resident Aliens Living Outside the United States

If you are a self-employed U.S. citizen or resident alien living outside the United States, in most cases you must pay SE tax. You may not reduce your foreign earnings from self-employment by your foreign earned income exclusion.

Exception. The United States has social security agreements with many countries to eliminate double taxation under two social security systems. Under these agreements, you must generally pay social security and Medicare taxes to only the country you live in.

The United States now has social security agreements with the following

Department of the Treasury  
Internal Revenue Service

## 2003 Instructions for Schedule SE (Form 1040) Self-Employment Tax

and received IRS approval, you will be exempt from paying SE tax on those net earnings. If you had no other income subject to SE tax, write "Exempt-Form 4361" on line 55 of Form 1040. However, if you had other earnings of \$400 or more subject to SE tax, see line A at the top of Long Schedule SE.

## General Instructions

**A Change To Note**  
For 2003, the maximum amount of self-employment tax is subject to social security tax is \$87,000.

## Who Must File Schedule SE

You must file Schedule SE if:  
1. Your net earnings from self-employment (see page SE-2) from other than church employee income were \$400 or more or

2. You had church employee income of \$108.28 or more—see Employees of Churches and Church Organizations below.

## Who Must Pay Self-Employment (SE) Tax?

You must pay SE tax if you had net earnings of \$400 or more in self-employment. If you are a partner in a business or you are a farmer, you are self-employed.

You must also pay SE tax on your share of certain partnership income and your guaranteed payments. See Partnership Income or Loss on page SE-2.

## Employees of Churches and Church Organizations

If you had church employee income of \$108.28 or more, you must pay SE tax. Church employee income is wages you received as an employee (other than as a minister or member of a religious order) of a church or qualified church-controlled organization that has a certificate in effect electing an exemption from employer social security and Medicare taxes.

## Ministers and Members of Religious Orders

In most cases, you must pay SE tax on salaries and other income for services you performed as a minister, a member of a religious order who has not taken a vow of poverty, or a Christian Science practitioner. But if you filed Form 4361

See Pub. 517 for details.

SE-1  
Ca No. 24334P

how instead of the 2002 Tax Table when changed your return on the IRS make changes to A, enter the corrected amount.

**Line 16**  
If line 15 is zero or less, enter zero on line 16. Otherwise, figure the tax on the amount on line 15 using:  
• The 2002 Tax Rate Schedules below.  
• The 2002 Capital Gain Tax Worksheet.  
If you filed your 2000, 2001, or 2002 tax return using TeleFile, enter your tax from

**2002 Tax Rate Schedules—Line 16**

Schedule X—Use if your 2002 filing status was Single		Schedule Y-1—Use if your 2002 filing status was Married filing jointly or Qualifying widow(er)		Schedule Y-2—Use if your 2002 filing status was Head of household	
If Schedule 1, line 15, is:	Enter on Schedule 1, line 16	If Schedule 1, line 15, is:	Enter on Schedule 1, line 16	If Schedule 1, line 15, is:	Enter on Schedule 1, line 16
0	0	0	0	0	0
6,000	6,000	6,000	6,000	6,000	6,000
21,500	13,875.50 + 27%	21,500	13,875.50 + 27%	21,500	13,875.50 + 27%
67,000	14,625.00 + 30%	67,000	14,625.00 + 30%	67,000	14,625.00 + 30%
141,250	30,750.00 + 35%	141,250	30,750.00 + 35%	141,250	30,750.00 + 35%
307,050	307,050	307,050	307,050	307,050	307,050

## 2002 Capital Gain Tax Worksheet—Line 16

Use this worksheet only if you entered capital gain distributions directly on line 13 of your 2002 Form 1040 (or line 10 of your 2002 Form 1040A) and checked the box on that line and elected farm income on Schedule 1, line 2, does not include any net capital gain.

- Amount from Schedule 1, line 15
- Amount from your 2002 Form 1040, line 15 (or Form 1040A, line 10)
- Subtract line 2 from line 1. If zero or less, enter 0.
- Figure the tax on the amount on line 3. Use the 2002 Tax Rate Schedules above.
- Enter the smaller of:
  - The amount on line 1 above or
  - \$27,950 if single for 2002, \$46,700 if married filing jointly or qualifying widow(er), \$23,350 if married filing separately, or \$37,650 if head of household.
- Enter the amount from line 3.
- Subtract line 6 from line 5. If zero or less, enter 0, and go to line 9.
- Multiply line 7 by 10% (10)
- Enter the smaller of line 1 or line 2
- Enter the amount from line 7
- Subtract line 10 from line 9. If zero or less, enter 0, and go to line 13
- Multiply line 11 by 20% (20)
- Add lines 4, 8, and 12
- Figure the tax on the amount on line 1. Use the 2002 Tax Rate Schedules above
- Enter the smaller of line 13 or line 14 here and on Schedule 1, line 16

- The payment was received from an insurance company because of services you performed as an insurance salesperson for the company.
- The payment was received after termination of your agreement to perform services for the company.
- You did not perform any services for the company after termination and before the end of the year in which you received the payment.
- You entered into a covenant not to compete against the company for at least a 1-year period beginning on the date of termination.
- The amount of the payment, deposited primarily on policies sold by or credited to your account during the last year of the agreement, or the extent to which those policies remain in force for some period after termination, or both.
- The amount of the payment did not depend to any extent on length of service or overall earnings from services performed for the company (regardless of whether eligibility for the payment depended on length of service).

**Statutory Employee Income**

If you were required to check the box on line 3 of Schedule C or C-EZ because you were a statutory employee, you must include the net profit or (loss) from line 31 of that Schedule C (or the net profit or loss from line 3 of Schedule C-EZ) on the Start or Long Schedule SE. But if you file Long Schedule SE, be sure to include statutory employee social security wages and tips from Form W-2 on line 8a.

**Optional Methods**

**How Can the Optional Methods Help You?**

**Social Security Coverage.** The optional methods may give you credit through your social security account for income you have a loss or a small amount of income from self-employment.

**Earned Income Credit (EIC).** Using the optional methods may qualify you to claim the EIC or give you a larger credit if your net earnings from self-employment (determined without using the optional methods) are less than \$1,600. Figure the EIC with and without using the optional methods to see if the optional methods will benefit you.

**Additional Child Tax Credit.** Using the optional methods may qualify you to claim the additional child tax credit or give you a larger credit if your net earnings from self-employment (determined without using the optional methods) are less than \$1,600. Figure the additional child tax credit with and without using the optional methods to see if the optional methods will benefit you.

**Income and Losses Not Included in Net Earnings From Self-Employment**

- Salaries, fees, etc., subject to social security or Medicare tax that you received for performing services as an employee, including services as a tax preparer, or for services performed as a public official (except as a fee basis government employee as explained earlier under Other Income and Losses Included in Net Earnings From Self-Employment) or as an employee or employee representative under the railroad retirement system.
- Fees received for services performed as a notary public. If you had no other income subject to SE tax, enter "Exempt-Notary" on Form 1040, line 55. However, if you had other earnings of \$400 or more subject to SE tax, enter "Exempt-Notary" and the amount of your net profit or (loss) from Schedule C-EZ on line 3 of that Schedule SE. Subtract that amount from the total of lines 1 and 2 and enter the result on line 3.

- Income you received as a retired partner under a written partnership plan that provides for lifelong periodic retirement payments if you had no other interests in the partnership and did not perform services for it during the year.
- Income from real estate rentals if you did not receive the income in the course of a trade or business as a real estate dealer. Report this income on Schedule E.
- Income from farm rentals (including rentals paid in crop shares) if, as landlord, you did not materially participate in the production or management of the production of farm produce on the land. See Pub. 225 for details.
- Dividends on shares of stock and interest on bonds, notes, etc., if you did not receive the income in the course of your trade or business as a dealer in stocks or securities.
- Gain or loss from:
  - The sale or exchange of a capital asset.
  - The sale, exchange, involuntary conversion, or other disposition of property unless the property is stock in trade in inventory, or held primarily for sale to customers in the ordinary course of the business, or
  - Certain transactions in timber, coal, or domestic non ore.
- Net operating losses from other years.
- Termination payments you received as a former insurance salesperson if all of the following conditions are met:

1. Paid after retirement but figured as a percentage of commissions received from the paying company before retirement.

2. Renewal commissions or termination commissions paid after retirement for sales made before retirement.

However, certain termination payments received by former insurance salespersons are not included in net earnings from self-employment (as explained under Termination payments on this page).

Income of certain crew members of fishing vessels with crews of normally fewer than 10 people. See Pub. 595 for details.

Fees as a state or local government employee if you were paid only on a fee basis and the job was not covered under a Federal-state social security coverage agreement.

Interest received in the course of your trade or business, such as interest on notes or accounts receivable.

Fees and other payments received by you for services as a director of a corporation.

Recapture amounts under sections 179 and 280F that you included in gross income because the business use of the property dropped to 50% or less. Do not include amounts you recaptured on the disposition of property. See Form 4797.

Fees you received as a professional fiduciary. This may also apply to fees or other property that would be includable if the fees relate to active participation in the operation of the estate's business, or the management of an estate that required extensive management activities over a long period of time.

Gain or loss from section 1256 commodities or related property in the normal course of dealing in or trading section 1256 contracts.

1. Income from the retail sale of newspapers and magazines if you were age 18 or older and kept the profits.

2. Amounts received by current or former self-employed insurance agents and salespersons that are:

1. Paid after retirement but figured as a percentage of commissions received from the paying company before retirement.

2. Renewal commissions or termination commissions paid after retirement for sales made before retirement.

However, certain termination payments received by former insurance salespersons are not included in net earnings from self-employment (as explained under Termination payments on this page).

Income of certain crew members of fishing vessels with crews of normally fewer than 10 people. See Pub. 595 for details.

Fees as a state or local government employee if you were paid only on a fee basis and the job was not covered under a Federal-state social security coverage agreement.

Interest received in the course of your trade or business, such as interest on notes or accounts receivable.

Fees and other payments received by you for services as a director of a corporation.

Recapture amounts under sections 179 and 280F that you included in gross income because the business use of the property dropped to 50% or less. Do not include amounts you recaptured on the disposition of property. See Form 4797.

**Net Earnings From Self-Employment**  
**What Is Included in Net Earnings From Self-Employment?**

In most cases, net earnings include your net profit from a farm or nonfarm business. If you were a partner in a partnership, see the following instructions.

**Partnership Income or Loss**

If you were a general or limited partner in a partnership, include on line 1 or line 2, whichever applies, the amount from line 15a of Schedule K-1 (Form 1065) or the amount identified as net earnings from self-employment in box 9 of Schedule K-1 (Form 1065-B). General partners should reduce this amount before entering it on Schedule SE by any section 179 expense deduction claimed, unreimbursed partnership expenses claimed, and depletion claimed on oil and gas properties. If you have the amount you enter on Schedule SE, attach an explanation.

If a partner died and the partnership continued, include in SE income the deceased's distributive share of the partnership's net earnings from self-employment for the year in which he or she died. See Internal Revenue Code section 1402(f).

If you were married and both you and your spouse were partners in a partnership, you must file a Schedule SE for your own share of the partnership income. Each of you must file a Schedule SE and report the partnership income or loss on Schedule E (Form 1040), Part II, for income tax purposes.

SE income belongs to the person who is the member of the partnership and cannot be treated as SE income by the non-member spouse, even in community property states.

**Share Farming**  
You are considered self-employed if you produced crops or livestock on someone else's land for a share of the crops or livestock produced (or a share of their proceeds from the sale of them). This applies even if you paid another person (an agent) to do the actual work or management for you. Report your net earnings from share farming on Schedule F (Form 1040), SE. See Pub. 225 for details.

**Other Income and Losses Included in Net Earnings From Self-Employment**

1. Rental income from a farm if, as landlord, you materially participated in the production or management of the product or service on the farm. This income is farm earnings. To determine if you are a farmer, see Pub. 225 for details.

If you and your spouse had community income and file separate returns, attach Schedule SE to the return of the spouse with the SE income. Also, attach Schedule(s) C, C-EZ, or F to the return of each spouse.

If you are the spouse who carried on the business, you must include on Schedule SE the net profit or (loss) C-EZ, or F (except net profit or (loss) from self-employment as explained on page SE-3). Enter on the dotted line to the left of line 3, Schedule SE, "Community Income. Taxed to Spouse" and the amount of any net profit or (loss) allocated to your spouse as community income. Combine that amount with the total of lines 1 and 2 and enter the result on line 3.

If you are not the spouse who carried on the business and you had no other income subject to SE tax, enter "Exempt-Community Income" on Form 1040, line 55; do not file Schedule SE. However, if you had other earnings subject to SE tax of \$400 or more, enter on the dotted line to the left of line 3, Schedule SE, "Exempt Community Income" and the amount of the net profit or (loss) from Schedule C, C-EZ, or F allocated to you as community income. If that amount is a net profit, subtract it from the total of lines 1 and 2, and enter the result on line 3. If that amount is a loss, treat it as a positive amount, add it to the total of lines 1 and 2, and enter the result on line 3.

Community income, included on Schedule(s) C-EZ, or F for tax purposes on the basis of the community property laws.

**Fiscal Year Filers**  
If your tax year is a fiscal year, use the tax rate and earnings base that apply at the time the fiscal year begins. Do not prorate the tax or earnings base for a fiscal year that overlaps the date of a rate or earnings base change.

**Specific Instructions**

Read the chart on page 1 of Schedule SE to see if you can use Section A, Short Schedule SE, or if you must use Section B, Long Schedule SE. For either section, you need to know what to include in net earnings from self-employment. Read the following instructions and how to fill in lines 1 and 2 of either Short or Long Schedule SE. Enter all negative amounts in parentheses.

countries: Australia, Austria, Belgium, Canada, Chile, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, South Korea, Spain, Sweden, Switzerland, and the United Kingdom. Additional agreements regarding Social Security exist with many other countries. For more information about international social security agreements, you can:

- Visit the Social Security Administration (SSA) website at [www.socialsecurity.gov/international](http://www.socialsecurity.gov/international).
- Call the SSA Office of International Programs at (410) 965-3544, (410) 965-0377 (long distance charges may apply) or
- Write to Social Security Administration, Office of International Programs, P.O. Box 17741, Baltimore, MD 21235-7741.

If your self-employment income is exempt from SE tax, you should get a rate-emption from the appropriate agency of the foreign country, verifying that your self-employment income is subject to a similar foreign country tax. If you are a U.S. citizen or resident alien, the foreign country will not issue the statement concerning the SSA at the address shown above. Do not complete Schedule SE. Instead, attach a copy of the statement to Form 1040 and enter "Exempt-Community Income" on Form 1040, line 55.

**More Than One Business**  
If you had two or more businesses, your net earnings from self-employment are the combined net earnings from all of your businesses. If you had a loss in one business, it reduces the income from another. Figure the combined SE tax on one Schedule SE.

**Joint Returns**  
Show the name of the spouse with SE income on Schedule SE. If both spouses have SE income, each must file a separate Schedule SE. However, if one spouse qualifies to use Short Schedule SE and the other has to use Long Schedule SE, both can use the same form. One spouse should complete the front and the other the back.

Include the total profit or losses from all businesses on Form 1040, as appropriate. Enter the combined SE tax on Form 1040, line 55.

**Community Income**  
In most cases, if any of the income from a business (including farming) is community income, all of the income from that business is SE earnings of the spouse who carried on the business. The fact in each case will determine which spouse carried on the business. If you and your spouse are partners in a partnership, the Partnership Income or Loss on this page.



Index to Instructions

Table listing various tax forms and instructions with corresponding page numbers. Includes sections A through W, such as 'Address Changes', 'Capital Gains', 'Charitable Deductions', 'Child Tax Credit', 'Dividends', 'Employer-Sponsored Health Insurance', 'Foreign Accounts and Trusts', 'Gift Tax', 'Income Tax', 'Marital Deduction', 'Medical Expenses', 'Mortgage Interest Deduction', 'Retirement Savings', 'State and Local Taxes', 'Tax Exemptions', 'Unemployment Compensation', 'Wages', 'Withdrawals', and 'Withholding Tax'.

\* These instructions may not be included in the 99-1332. To include printing costs, we have set you only the form you may need based on why you filed last year.

earnings. But you may not report less than your actual net earnings from nonfarm self-employment.

You may change the method after you file your return. That is, you can change from the regular to the optional method or from the optional to the regular method. To do so, file Form 1040-X.

Figure your share of gross income from a nonfarm partnership in the same manner as a farm partnership. See Form 1065-B, line 15, from farm partnerships.

Net nonfarm profits is the total of the amounts from Schedule C (Form 1040), line 31 (or Schedule C-EZ (Form 1040-EZ), line 3), Schedule K-1 (Form 1065), line 15, (from other than farm partnerships), and Schedule K-1 (Form 1065-B), box 9.

Using Both Optional Methods

If you can use both methods, you may report less than your total actual net earnings from farm and nonfarm self-employment, but you cannot report less than your actual net earnings from nonfarm self-employment alone.

If you use both methods to figure net earnings, you cannot report more than \$1,600 of net earnings from self-employment.

gross income is your guaranteed payments plus your share of the gross income after it is reduced by all guaranteed payments made by the partnership. If you were a limited partner, include only guaranteed payments for services you actually rendered to or on behalf of the partnership.

Net farm profits is the total of the amounts from Schedule F (Form 1040), line 36, and Schedule K-1 (Form 1065), line 15, from farm partnerships.

Nonfarm Optional Method

You may be able to use this method to figure your net earnings from nonfarm self-employment. If your net nonfarm profits (defined on this page) were less than \$1,750 and also less than 72.189% of your net earnings from nonfarm self-employment, you also must be regularly self-employed. You must meet this requirement if your actual net earnings from self-employment were \$400 or more in 2 of the 3 years preceding the year you use the nonfarm method. The net earnings of \$400 or more could be from either farm or nonfarm earnings or both. The net earnings include your distributive share of partnership income or loss subject to partnership income or loss subject to SE tax. Use of the nonfarm optional method from nonfarm self-employment is limited to 5 years. The 5 years do not have to be consecutive.

Under this method, you report on line 17, Part II, two-thirds of your gross nonfarm income, up to \$1,600, as your net earnings. With guaranteed payments, your share of the partnership's

Child and Dependent Care Credit. The optional methods may also help you qualify for this credit or give you a larger credit if your net earnings from self-employment (determined without using the optional methods) are less than \$1,600. Figure this credit with and without using the optional methods to see if the optional method will benefit you.

Note. Using the optional methods may give you the benefits described above but they may also increase your SE tax.

Farm Optional Method

You may use this method to figure your net earnings from farm self-employment if your gross farm income was \$2,400 or less or your net farm profits (defined on this page) were less than \$1,753. There is no income limit if you are a regular self-employed farmer. How many years you can use this method.

Under this method, you report on line 15, Part II, two-thirds of your gross farm income up to \$1,600, as your net earnings. With guaranteed payments, your share of the partnership's net earnings from self-employment, but you cannot report less than your actual net earnings from nonfarm self-employment alone.

If you use both methods to figure net earnings, you cannot report more than \$1,600 of net earnings from self-employment.

Under this method, you report on line 17, Part II, two-thirds of your gross nonfarm income, up to \$1,600, as your net earnings. With guaranteed payments, your share of the partnership's

## Where Do You File?



If an envelope addressed to "Internal Revenue Service Center" came with this booklet, please use it. If you do not have one or if you moved during the year, mail your return to the Internal Revenue Service Center shown that applies to you.



Envelopes without enough postage will be returned to you by the post office. Your envelope may need additional postage if it contains more than five pages or is oversized (for example, it is over 1/2 thick). Also, include your complete return address.

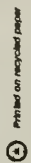
IF you live in...	THEN use this address if you:
Alabama, Florida, Georgia, Mississippi, North Carolina, Rhode Island, South Carolina, West Virginia	Are not enclosing a check or money order... Internal Revenue Service Center Atlanta, GA 39901-0002
Maine, Massachusetts, New Hampshire, New York, Vermont	Are enclosing a check or money order... Internal Revenue Service Center Atlanta, GA 39901-0102
Delaware, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, South Dakota, Wisconsin	Internal Revenue Service Center Aurora, MA 05301-0002
Connecticut, District of Columbia, Maryland, New Jersey, Pennsylvania	Internal Revenue Service Center Kansas City, MO 64999-0002
Arkansas, Colorado, Kentucky, Louisiana, New Mexico, Oklahoma, Tennessee, Texas	Internal Revenue Service Center Philadelphia, PA 19255-0002
Alaska, Arizona, California, Hawaii, Idaho, Montana, Nevada, Oregon, Utah, Washington, Wyoming	Internal Revenue Service Center Austin, TX 73301-0002
Ohio, Virginia	Internal Revenue Service Center Phoenix, CA 93888-0002
All APO and FPO addresses, American Samoa, nonpermanent residents of Guam or the Virgin Islands*, Puerto Rico (if including income under the special rules for Puerto Rico), U.S. citizens and those filing Form 2553, 2555-EZ, or 4553	Internal Revenue Service Center Phoenix, CA 93888-0102
Permanent residents of Guam should use Department of Revenue and Taxation, Government of Guam, P.O. Box 23607, GMP, GU 96921.	Internal Revenue Service Center Philadelphia, PA 19255-0215 USA
Permanent residents of the Virgin Islands should use V.I. Bureau of Internal Revenue, 3601 Estate Thomas, Charlotte Amalie, St. Thomas, VI 00802	Internal Revenue Service Center Philadelphia, PA 19255-0215 USA

## What's Inside?

- Free file options (page 3)
- Commissioner's message (page 2)
- Index (inside back cover)
- When to file (page 15)
- What's new for 2003 (page 14)
- How to comment on forms (page 77)
- How to avoid common mistakes (page 60)

## Instructions for Form 1040

- Help with unresolved tax issues (page 6)
- Free tax help (pages 7 and 61)
- How to get forms and publications (page 7)
- Tax table (page 62)
- How to make a gift to reduce the public debt (page 60)



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Label (See page 1a) Your first name and initial, Last name, Your social security number, Spouse's social security number, Home address (number and street) if you have a P.O. box, see page 20, City, town or post office, state, and ZIP code if you have a foreign address, see page 20

Presidential Election Campaign (See page 6c) Note: Checking "Yes" will not change your tax or reduce your refund. Do you, or your spouse if filing a joint return, want \$3 to go to this fund? . . .

Filing status (See page 1b) 1 Single, 2 Married filing jointly (even if only one had income), 3 Married filing separately. Enter spouse's SSN above and fill frame here. Exemptions (See page 1c) 6a Yourself, 6b Spouse, 6c Dependents: (1) First name, Last name, (2) Dependents' social security number, (3) Dependents' relationship to you, (4) Qualifying child for child tax credit (see page 23), (5) Qualifying widow/widower with dependent child (See page 21). No. of boxes checked on line 6c: 6d Total number of exemptions claimed.

Income (See page 1d) 7 Wages, salaries, tips, etc. Attach Form(s) W-2. 8a Taxable interest. Attach Schedule 1 if required. 8b Tax-exempt interest. Do not include on line 8b. 9a Ordinary dividends. Attach Schedule 1 if required. 9b Qualified dividends (see page 25). 10a Capital gain distributions (see page 25). 10b Post-May 5 capital gain distributions (see page 25). 11a IRA distributions. 11a 11b taxable amount (see page 25). 11b 12a Pensions and annuities. 12a 12b taxable amount (see page 26). 12b 13 Unemployment compensation and Alaska Permanent Fund dividends. 13 14a Social security benefits. 14a 14b taxable amount (see page 28). 14b 15 Add lines 7 through 14b (far right column). This is your total income. 15 16 Educator expenses (see page 28). 16 17 IRA deduction (see page 28). 17 18 Student loan interest deduction (see page 31). 18 19 Tuition and fees deduction (see page 31). 19 20 Add lines 16 through 19. These are your total adjustments. 20 21 Subtract line 20 from line 15. This is your adjusted gross income. 21

Adjusted gross income (See page 1e) 22 Enter the amount from line 21 (adjusted gross income). 22 23a Check ( ) You were born before January 2, 1993. ( ) Spouse was born before January 2, 1993. ( ) Blind ( ) Total boxes checked if you are married filing separately and your spouse itemizes deductions, see page 32 and check here. 23a 23b 24 Enter your standard deduction (see left margin). 24 25 Subtract line 24 from line 22. If line 24 is more than line 22, enter -0-. 25 26 Multiply \$3,050 by the total number of exemptions claimed on line 6d. 26 27 Subtract line 26 from line 25. If line 26 is more than line 25, enter -0-. 27 28 Tax, including any alternative minimum tax (see page 33). 28 29 Credit for child and dependent care expenses. 29 30 Credit for the elderly or the disabled. Attach Schedule 3. 30 31 Education credits. Attach Form 8863. 31 32 Retirement savings contributions credit. Attach Form 8880. 32 33 Child tax credit (see page 37). 33 34 Adoption credit. Attach Form 8839. 34 35 Add lines 29 through 34. These are your total credits. 35 36 Subtract line 35 from line 28. If line 35 is more than line 28, enter -0-. 36 37 Advance earned income credit payments from Form(s) W-2. 37 38 Add lines 36 and 37. This is your total tax. 38 39 Federal income tax withheld from Forms W-2 and 1099. 39 40 2003 estimated tax payments and amount applied from 2002 return. 40 41 Earned income credit (EIC). 41 42 Additional child tax credit. Attach Form 8812. 42 43 Add lines 39 through 42. These are your total payments. 43 44 If line 43 is more than line 38, subtract line 38 from line 43. This is the amount you overpaid. 44 45a Amount of line 44 you want refunded to you. 45a 45b Routing number ( ) Type: ( ) Checking ( ) Savings ( ) Account number ( ) 45c 46 Amount of line 44 you want applied to your 2004 estimated tax. 46 47 Amount you owe. Subtract line 43 from line 38. For details on how to pay, see page 51. 47 48 Estimated tax penalty (see page 52). 48 Do you want to allow another person to discuss this return with the IRS (see page 52)? Yes ( ) No ( )

Third party designee (See page 52) Designee's name ( ) Phone no. ( ) Personal identification number (PIN) ( ) Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, this return and accompanying schedules and statements are true and correct. I am a preparer of this return and I am a preparer (other than the taxpayer) is based on all information of which the preparer has any knowledge. Your signature ( ) Date ( ) Your occupation ( ) Spouse's signature ( ) Date ( ) Spouse's occupation ( ) Preparer's signature ( ) Date ( ) Preparer's SSN or PIN ( ) Firms name (or company name), address, and ZIP code ( ) Check if self-employed ( ) EIN ( ) Phone no. ( ) Form 1040A (2003)



**Schedule Z**  
(Form 1040A)  
Department of the Treasury—Internal Revenue Service  
**Child and Dependent Care Expenses for Form 1040A Filers** (99) **2003**  
OMB No. 1545-0045  
Your social security number

Before you begin: You need to understand the following terms. See Definitions on page 1 of the separate instructions.  
 • **Dependent Care Benefits** • **Qualifying Person(s)** • **Qualified Expenses** • **Earned Income**

**Part I**  
Persons or organizations who provided the care  
You must complete this part.

1	(a) Care provider's name	(b) Address (number, street, apt. no., city, state, and ZIP code)	(c) Identifying number (SSN or EIN)	(d) Amount paid (see instructions)

(If you need more space, use the bottom of page 2.)

Did you receive dependent care benefits?  No  Yes → Complete only Part II below.  
 → Complete Part III on the back next.

**Caution.** If the care was provided in your home, you may owe employment taxes. If you do, you must use Form 1040. See Schedule H and its instructions for details.

**Part II**  
Information about your qualifying person(s). If you have more than two qualifying persons, see the instructions.

3	Add the amounts in column (c) of line 2. Do not enter more than \$3,000 for one qualifying person or \$6,000 for two or more persons. If you completed Part III, enter the amount from line 26.	4		5	6
		Enter your earned income.	If married filing jointly, enter your spouse's earned income (if your spouse was a student or was disabled, see the instructions); all others, enter the amount from line 4.		

**Part III**  
Dependent care benefits

7	Enter the amount from Form 1040A, line 22.	8	Enter on line 8 the decimal amount shown below that applies to the amount on line 7.

If line 7 is:		But not over	But not over	Decimal amount is	Decimal amount is
Over	over	over	over	over	over
\$0—15,000	35	15,000—17,000	34	\$29,000—31,000	27
17,000—19,000	33	19,000—21,000	32	31,000—33,000	26
21,000—23,000	31	23,000—25,000	30	33,000—35,000	25
25,000—27,000	29	27,000—29,000	28	35,000—37,000	24
				37,000—39,000	23
				39,000—41,000	22
				41,000—43,000	21
				43,000—No limit	20

9 Multiply line 6 by the decimal amount on line 8. If you paid 2002 expenses in 2003, see the instructions.

10 Enter the amount from Form 1040A, line 28.  
 11 Credit for child and dependent care expenses. Enter the smaller of line 9 or line 10 here and on Form 1040A, line 29.

**Part III**  
Dependent care benefits

12 Enter the total amount of dependent care benefits you received for 2003. This amount should be shown in box 10 of your W-2 form(s). Do not include amounts that were reported to you as wages in box 1 of Form(s) W-2.

13 Enter the amount forfeited, if any. See the instructions.

14 Subtract line 13 from line 12.

15 Enter the total amount of qualified expenses incurred in 2003 for the care of the qualifying person(s).

16 Enter the smaller of line 14 or 15.

17 Enter your earned income.

18 Enter the amount shown below that applies to you.  
 • If married filing jointly, enter your spouse's earned income (if your spouse was a student or was disabled, see the instructions for line 5)  
 • If married filing separately, see the instructions for the amount to enter.  
 • All others, enter the amount from line 17.

19 Enter the smallest of line 16, 17, or 18.

20 Excluded benefits. Enter here the smaller of the following:  
 • The amount from line 19 or  
 • \$5,000 (\$2,500 if married filing separately and you were required to enter your spouse's earned income on line 18).

21 Taxable benefits. Subtract line 20 from line 14. Also, include this amount on Form 1040A, line 7. In the space to the left of line 7, enter "DCB."

To claim the child and dependent care credit, complete lines 22-26 below.

22 Enter \$3,000 (\$6,000 if two or more qualifying persons).

23 Enter the amount from line 20.

24 Subtract line 23 from line 22. If zero or less, stop. You cannot take the credit. Exception: If you paid 2002 expenses in 2003, see the instructions for line 9.

25 Complete line 2 on the front of this schedule. Do not include in column (c) any benefits shown on line 20 above. Then, add the amounts in column (c) and enter the total here.

26 Enter the smaller of line 24 or 25. Also, enter this amount on line 3 on the front of this schedule and complete lines 4-11.



Schedule 3 (Form 1040A) Credit for the Elderly or the Disabled for Form 1040A Filers

Name(s) shown on Form 1040A: (98) 2003 OMB No. 1545-0045 Your social security number

You may be able to take this credit and reduce your tax if by the end of 2003: You were age 65 or older or You were under age 65, you retired on permanent and total disability, and you received taxable disability income.

But you must also meet other tests. See the separate instructions for Schedule 3. In most cases, the IRS can figure the credit for you. See the instructions.

- Part I If your filing status is: And by the end of 2003: Check only one box: 1 You were 65 or older... 2 You were under 65 and you retired on permanent and total disability... 3 Both spouses were 65 or older... 4 Both spouses were under 65, but only one spouse retired on permanent and total disability... 5 Both spouses were under 65, and both retired on permanent and total disability... 6 One spouse was 65 or older, and the other spouse was under 65 and retired on permanent and total disability... 7 One spouse was 65 or older, and the other spouse was under 65 and not retired on permanent and total disability... 8 You were 65 or older and you lived apart from your spouse for all of 2003... 9 You were under 65, you retired on permanent and total disability, and you lived apart from your spouse for all of 2003...

Did you check box 1, 3, 7, or 8? Yes No Complete Parts II and III.

Part II If: 1 You filed a physician's statement for this disability for 1983 or an earlier year, or you filed or got a statement for tax years after 1983 and your physician signed line B on the statement, and 2 Due to your continued disabled condition, you were unable to engage in any substantial gainful activity in 2003, check this box... If you checked this box, you do not have to get another statement for 2003. If you did not check this box, have your physician complete the statement on page 4 of the instructions. You must keep the statement for your records.

Complete this part only if you checked box 2, 4, 5, 6, or 9 above. For Paperwork Reduction Act Notice, see Form 1040A instructions. Schedule 3 (Form 1040A) 2003

Part III Figure your credit

10 If you checked (in Part I): Box 1, 2, 4, or 7... \$5,000 Box 3, 5, or 6... \$7,500 Box 8 or 9... \$3,750

Did you check box 2, 4, 5, 6 or 9 in Part I? Yes No You must complete line 11. Enter the amount from line 10 on line 12 and go to line 13.

11 If you checked (in Part I): Box 6, add \$5,000 to the taxable disability income of the spouse who was under age 65. Enter the total. Box 2, 4, or 9, enter your taxable disability income. Box 5, add your taxable disability income to your spouse's taxable disability income. Enter the total.

12 If you completed line 11, enter the smaller of line 10 or line 11: all others, enter the amount from line 10.

13 Enter the following pensions, annuities, or disability income that you (and your spouse if filing a joint return) received in 2003: a Nontaxable part of social security benefits and Nontaxable part of railroad retirement benefits treated as social security (see instructions). 13a b Nontaxable veterans' pensions and Any other pension, annuity, or disability benefit that is excluded from income under any other provision of law (see instructions). 13b

c Add lines 13a and 13b. (Even though these income items are not taxable, they must be included here to figure your credit.) If you did not receive any of the types of nontaxable income listed on line 13a or 13b, enter -0- on line 13c. 13c

14 Enter the amount from Form 1040A, line 22. 14

15 If you checked (in Part I): Box 1 or 2... \$7,500 Box 3, 4, 5, 6, or 7... \$10,000 Box 8 or 9... \$5,000

16 Subtract line 15 from line 14. If zero or less, enter -0-. 16

17 Enter one-half of line 16. 17

18 Add lines 13c and 17. 18

19 Subtract line 18 from line 12. If zero or less, stop; you cannot take the credit. Otherwise, go to line 20. 19

20 Multiply line 19 by 15% (15). 20

21 Enter the amount from Form 1040A, line 28, minus any amount on Form 1040A, line 29. 21

22 Credit for the elderly or the disabled. Enter the smaller of line 20 or line 21 here and on Form 1040A, line 30. 22

Form 1040EZ Department of the Treasury—Internal Revenue Service

Income Tax Return for Single and Joint Filers With No Dependents (99) 2003

OMB No. 1545-0075

Your social security number

Spouse's social security number

APR 15 2004

APR 15 2004

Header information section including name, address, and social security numbers.

Important! section with instructions for entering SSN(s) and marital status.

Income section with lines 1-4 for wages, taxable interest, unemployment compensation, and adjusted gross income.

Payments and tax section with lines 5-8 for tax payments, earned income credit, and total payments.

Refund section with lines 9-10 for tax payments and refund calculation.

Amount you owe section with lines 11-12 for refund calculation and amount due.

Third party designee section for appointing someone to discuss the return with the IRS.

Sign here section for taxpayer and preparer signatures and dates.

Paid preparer's use only section for preparer information and identification.

Use this form if

- Your filing status is single or married filing jointly.
• You (and your spouse if married filing jointly) were under age 65 and not blind at the end of 2003.
• You do not claim any dependents.
• Your taxable income (line 6) is less than \$50,000.
• You do not claim a deduction for educator expenses, the student loan interest deduction, or the tuition and fees deduction.
• You do not claim an education credit, the retirement savings contributions credit, or the health coverage tax credit.
• You had only wages, salaries, tips, taxable scholarship or fellowship grants, unemployment compensation, or Alaska Permanent Fund dividends, and your taxable interest was not over \$1,500.
• You did not receive any advance earned income credit payments.

Filing in your return

For tips on how to avoid common mistakes, see page 21. If you received a scholarship or fellowship grant or tax-exempt interest income, such as on municipal bonds, see the booklet before filing in the form. Also, see the booklet if you received a Form 1099-INT showing Federal income tax withheld or if Federal income tax was withheld from your unemployment compensation or Alaska Permanent Fund dividends.

Worksheet for dependents who checked "Yes" on line 5

Worksheet for dependents with lines A-F for amount, minimum standard deduction, maximum standard deduction, exemption amount, and filing jointly status.

Mailing return

Mail your return by April 15, 2004. Use the envelope that came with your booklet. If you do not have that envelope or if you moved during the year, see the back cover for the address to use.

Name(s) shown on Form 1040 Do not enter name and social security number if shown on other side  
Your social security number

### Schedule A—Itemized Deductions (Schedule B is on back) ▶ Attach to Form 1040. ▶ See instructions for Schedules A and B (Form 1040).

### Schedule B—Interest and Ordinary Dividends

**Medical and Dental Expenses**  
1 Medical and dental expenses (reimbursed or paid by others; see page A-2) 2  
2 Enter amount from Form 1040, line 35 2  
3 Multiply line 2 by 7.5% (0.075) 1  
4 Subtract line 3 from line 1. If line 3 is more than line 1, enter -0- 4

**Taxes You Paid**  
5 State and local income taxes 5  
6 Real estate taxes (see page A-2) 6  
7 Personal property taxes 7  
8 Other taxes. List type and amount 8  
Add lines 5 through 8 8

**Interest**  
10 Home mortgage interest and points reported to you on Form 1098  
11 Home mortgage interest not reported to you on Form 1098. If paid to the person from whom you bought the home, see page A-3 and show that person's name, identifying no., and address 10  
12 Points not reported to you on Form 1098. See page A-3 for special rules 11  
13 Investment interest. Attach Form 4952 if required. (See page A-4.) 12  
14 Add lines 10 through 13 14

**Gifts and Charity**  
15 Gifts by cash or check, if you made any gift of \$250 or more. See page A-4. 15  
16 Other than by cash or check, if any gift of \$250 or more. See page A-4. You must attach Form 8283 if over \$500 16  
17 Carryover from prior year 17  
18 Add lines 15 through 17 18

**Casualty and Theft Losses**  
19 Casualty or theft losses. Attach Form 4684. (See page A-5.) 19

**Job Expenses and Other Miscellaneous Deductions**  
20 Unreimbursed employee expenses—job travel, union dues, job education, etc. Attach Form 2106 or 2106-EZ if required. (See page A-5.) 20  
21 Tax preparation fees 21  
22 Other expenses—investment, safe deposit box, etc. List type and amount 22  
23 Add lines 20 through 22 23  
24 Enter amount from Form 1040, line 35 24  
25 Multiply line 24 by 2% (0.02) 25  
26 Subtract line 25 from line 23. If line 25 is more than line 23, enter -0- 26

**Other Miscellaneous Deductions**  
27 Other—From list on page A-6. List type and amount 27

**Total Itemized Deductions**  
28 Is Form 1040, line 35, over \$139,500 (over \$89,750 if married filing separately)?  
 No. Your deduction is not limited. Add the amounts in the far right column for lines 4 through 27. Also, enter this amount on Form 1040, line 37. 28  
 Yes. Your deduction may be limited. See page A-6 for the amount to enter

**Part I Interest**  
(See page B-1 and the instructions for Form 1040, line 8a.)  
1 List name of payer, if any interest is from a seller-financed mortgage and the buyer used the property as a personal residence. See page B-1 and list this interest first. Also, show that buyer's social security number and address 1

**Part II Ordinary Dividends**  
(See page B-1 and the instructions for Form 1040, line 9a.)  
5 List name of payer 5

**Part III Foreign Accounts and Trusts**  
(See page B-2)  
6 Add the amounts on line 5. Enter the total here and on Form 1040, line 9a. 6

**Note.** If you received a Form 1099-INT, Form 1099-DIV, or substitute statement from a brokerage firm, list the firm's name as the payer and enter the total interest shown on that form 2  
3 Excludable interest on series EE and I U.S. savings bonds issued after 1989. Attach Form 8815 3  
4 Subtract line 3 from line 2. Enter the result here and on Form 1040, line 8a 4  
**Note.** If line 4 is over \$1,500, you must complete Part III.

**Note.** If you received a Form 1099-DIV or substitute statement from a brokerage firm, list the firm's name as the payer and enter the dividends shown on that form 6

**Note.** If line 6 is over \$1,500, you must complete Part III.  
7a At any time during 2003, did you have an interest in or a signature or other authority over a financial account in a foreign country, such as a bank account, securities account, or other financial account? See page B-2 for exceptions and filing requirements for Form TD F 90-22.1 7a  
b If "Yes," enter the name of the foreign country 7b  
8 During 2003, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If "Yes," you may have to file Form 3520. See page B-2 8

**For Paperwork Reduction Act Notice, see Form 1040 instructions.**

**For Paperwork Reduction Act Notice, see Form 1040 instructions.**



Part III Cost of Goods Sold (see page C-6)

Table with 4 columns: Description, a Cost, b Lower of cost or market, c Other (attach explanation). Rows include Methods used to value closing inventory, Inventory at beginning of year, Purchases less cost of items withdrawn for personal use, etc.

Part IV Information on Your Vehicle. Complete this part only if you are claiming car or truck expenses on line 9 and are not required to file Form 4562 for this business.

Table with 4 columns: Question, Business, Do you (or your spouse) have another vehicle available for personal use?, Do you have evidence to support your deduction?. Rows include When did you place your vehicle in service for business purposes?, Of the total number of miles you drove your vehicle during 2003, enter the number of miles you used your vehicle for: Business, Commuting, etc.

Part V Other Expenses. List below business expenses not included on lines 8-26 or line 30.

Table with 4 columns: Description, Amount, Yes/No. Rows include Advertising, Car and truck expenses, Commissions and fees, Contact labor, Depreciation, etc.

Part I Income

Table with 7 columns: Description, 1, 2, 3, 4, 5, 6, 7. Rows include Gross receipts or sales, Returns and allowances, Cost of goods sold, Gross profit, Other income, Gross income, Advertising, Car and truck expenses, etc.

Department of the Treasury Internal Revenue Service (99) Name of proprietor

Net Profit From Business (Sole Proprietorship)

Partnerships, joint ventures, etc., must file Form 1065 or 1065-B. Attach to Form 1040 or 1041. See instructions on back.

Attachment Sequence No. 09A

Social security number (SSN)

Part I General Information

You May Use Schedule C-EZ Instead of Schedule C Only If You: Had business expenses of \$2,500 or less. Use the cash method of accounting. Did not have an inventory at any time during the year. Did not have a net loss from your business. Had only one business as a sole proprietor.

And You:

Had no employees during the year. Are not required to file Form 4562, Depreciation and Amortization, for this business. See the instructions for Schedule C, line 13, on page C-4 to find out if you must file Form SS-4. Do not deduct expenses for business use of your home. Do not have prior year unallowed passive activity losses from this business.

Form fields for Part I: A Principal business or profession, including product or service; B Enter code from pages C-7, 8, & 9; C Business name; D Employer ID number; E Business address; City, town or post office, state, and ZIP code.

Part II Figure Your Net Profit

Form fields for Part II: 1 Gross receipts; 2 Total expenses; 3 Net profit.

Part III Information on Your Vehicle

Form fields for Part III: 4 When did you place your vehicle in service; 5 Of the total number of miles you drove your vehicle during 2003; 6 Do you (or your spouse) have another vehicle available for personal use?; 7 Was your vehicle available for personal use during off-duty hours?; 8a Do you have evidence to support your deduction?; 8b If "Yes," is the evidence written?; For Paperwork Reduction Act Notice, see Form 1040 Instructions.

Instructions

You may use Schedule C-EZ instead of Schedule C if you operated a business or practiced a profession as a sole proprietorship and you have met all the requirements listed in Part I of Schedule C-EZ.

Line A Describe the business or professional activity that provided your principal source of income reported on line 1. Give the general field or activity and the type of product or service.

Line B Enter the six-digit code that identifies your principal business or professional activity. See pages C-7 through C-9 of the instructions for Schedule C for the list of codes.

Line D You need an employer identification number (EIN) only if you had a qualified retirement plan or were required to file an employment, excise, estate, trust, or alcohol, tobacco, and firearms tax return. If you need an EIN, file Form SS-4, Application for Employer Identification Number. If you do not have an EIN, leave line D blank. Do not enter your SSN.

Line E Enter your business address. Show a street address instead of a box number. Include the suite or room number, if any.

Line 1 Enter gross receipts from your trade or business. Include amounts you received in your trade or business that were properly shown on Forms 1099-MISC. If the total amounts that were reported in box 7 of Forms 1099-MISC are more than the total you are reporting on line 1, attach a statement explaining the difference. You must show all items of taxable income actually or constructively received during the year (in cash, property or services). Income is constructively received when it is credited to your account or set aside for you to use. Do not offset this amount by any losses.

Line 2 Enter the total amount of all deductible business expenses you actually paid during the year. Examples of these expenses include advertising, car and truck expenses, commissions and fees, insurance, interest, interest, legal and professional services, office expense, rent or lease expenses, repairs and maintenance, supplies, taxes, travel, the allowable percentage of business meals and entertainment, and utilities (including telephone). For details, see the instructions for Schedule C, Parts II and V, on pages C-3 through C-7. If you wish, you may use the optional worksheet below to record your expenses. If you claim car or truck expenses, be sure to complete Part III of Schedule C-EZ.

Optional Worksheet for Line 2 (keep a copy for your records)

Table with columns a, b, c, d, e, f, g, h, i, j. Row 1: Business meals and entertainment. Row 2: Enter nondeductible amount included on line a. Row 3: Deductible business meals and entertainment. Row 4: Total. Add lines c through i. Enter here and on line 2.

Schedule D (Form 1040) 2003

OMB No. 1545-0074

SCHEDULE D (Form 1040) Capital Gains and Losses

Department of the Treasury Internal Revenue Service (83) Attach to Form 1040. See Instructions for Schedule D (Form 1040). Use Schedule D-1 to list additional transactions for lines 1 and 8.

2003 Attachment Sequence No. 12

Your social security number

Part I Short-term Capital Gains and Losses—Assets Held One Year or Less

Table with 10 columns: (a) Description of property, (b) Date acquired, (c) Date sold, (d) Sales price, (e) Cost or other basis, (f) Gain or loss, (g) Total May 6 gain or loss, (h) Net short-term capital gain or loss. Includes instructions for lines 1-7b.

Part II Long-term Capital Gains and Losses—Assets Held More Than One Year

Table with 10 columns: (a) Description of property, (b) Date acquired, (c) Date sold, (d) Sales price, (e) Cost or other basis, (f) Gain or loss, (g) Total May 6 gain or loss. Includes instructions for lines 8-16.

Include in column (g) all gains and losses from sales, exchanges, or conversions... For Paperwork Reduction Act Notice, see Form 1040 Instructions.

Cat. No. 1133984

Schedule O (Form 1040) 2003

Part III Taxable Gain or Deductible Loss

Table with 3 columns: Line number, Description, Amount. Includes instructions for lines 17a, 17b, and 18.

Part IV Tax Computation Using Maximum Capital Gains Rates

Table with 19 columns: Line number, Description, Amount. Includes instructions for lines 19-28.

Part V Tax on all taxable income

Table with 19 columns: Line number, Description, Amount. Includes instructions for lines 29-53.

Name(s) shown on return. Do not enter name and social security number if shown on other side. Your social security number

Part II Income or Loss From Partnerships and S Corporations

Are you reporting losses not allowed in prior years due to the at-risk or basis limitations, passive losses not reported on Form 8582, or unrecaptured partnership expenses? If you answered "Yes," see page E-5 before completing this section.

Caution: The IRS compares amounts reported on your tax return with amounts shown on Schedule(s) K-1.

Table with 5 columns: (a) Name, (b) Enter P for partnership, S for S corporation, (c) Check if foreign partnership, (d) Employee identification number, (e) Check if any amount is risk at risk.

Part III Income or Loss From Estates and Trusts

33 (a) Name (b) Employee identification number

Table for Part III with columns: (a) Name, (b) Employee identification number, (c) Passive income or loss allowed, (d) Passive income from Schedule K-1, (e) Nonpassive loss deduction from Form 8582, (f) Nonpassive loss deduction from Form 8582, (g) Section 179 expense deduction from Form 4562, (h) Nonpassive income from Schedule K-1.

Part IV Income or Loss From Real Estate Mortgage Investment Conduits (REMICS) - Residual Holder

38 (a) Name (b) Employer identification number (c) Excise inclusion from Schedules Q, line 2c (d) Excise inclusion from Schedules Q, line 2b (e) Income from Schedules Q, line 3b

Table for Part IV with columns: (a) Name, (b) Employer identification number, (c) Excise inclusion from Schedules Q, line 2c, (d) Excise inclusion from Schedules Q, line 2b, (e) Income from Schedules Q, line 3b.

Part V Summary

40 Net farm rental income or (loss) from Form 4835. Also, complete line 42 below.

41 Total income or (loss). Combine lines 26, 31, 39, and 40. Enter the result here and on Form 1040, line 17.

42 Reconciliation of Farming and Fishing Income. Enter your gross farming and fishing income reported on Form 4835, line 7; Schedule K-1 (Form 1065), line 13b; Schedule K-1 (Form 1120S), line 23; and Schedule K-1 (Form 1041), line 14 (see page E-6).

43 Reconciliation for Real Estate Professionals. If you were a real estate professional (see page E-1), enter the net income or (loss) you reported anywhere on Form 1040 from all rental real estate activities in which you materially participated under the passive activity loss rules.

From rental real estate, royalties, partnerships, S corporations, estates, trusts, REMICS, etc.

Part I Income or Loss From Rental Real Estate and Royalties

Schedule C or C-47 (see page E-2). Report farm rental income or loss from Form 4835 on page 2, line 40.

2 For each rental real estate property listed on line 1, did you or your family use it during the tax year for personal purposes for more than the greater of: 14 days or 10% of the total days rented at fair rental value? (See page E-3.)

Yes No

Table with 3 columns: A, B, C. Totals (Add columns A, B, and C).

Income:

3 Rents received

4 Royalties received

Expenses:

5 Advertising

6 Auto and travel (see page E-4)

7 Cleaning and maintenance

8 Commissions

9 Insurance

10 Legal and other professional fees

11 Management fees

12 Mortgage interest paid to banks, etc. (see page E-4)

13 Other interest

14 Repairs

15 Supplies

16 Taxes

17 Utilities

18 Other (list)

19 Add lines 5 through 18

20 Depreciation expense or depletion (see page E-4)

21 Total expenses. Add lines 19 and 20

22 Income or (loss) from rental real estate or royalty properties. Subtract line 21 from line 3 (rents) or line 4 (royalties). If the result is a (loss), see page E-4 to find out if you must file Form 6198.

23 Deductible rental real estate loss. Caution: Your rental real estate loss on line 22 may be limited. See page E-4 to find out if you must file Form 6198. Real estate professionals must complete line 43 on page 2.

24 Income. Add positive amounts shown on line 22. Do not include any losses.

25 Losses. Add royalty losses from line 22 and rental real estate losses from line 23. Enter total losses here.

26 Total rental real estate and royalty income or (loss). Combine lines 24 and 25. Enter the result here. If Parts II, III, IV, and line 40 on page 2 do not apply to you, also enter this amount on Form 1040, line 17. Otherwise, include this amount in the total on line 41 on page 2.

27 Income or (loss) from real estate investment conduits (REMICS) - Residual Holder

28 Income or (loss) from real estate investment conduits (REMICS) - Other

29 Total income or (loss). Combine lines 26, 27, 28, and 29. Enter the result here and on Form 1040, line 17.

30 Total income or (loss). Combine lines 26, 27, 28, 29, and 30. Enter the result here and on Form 1040, line 17.

31 Total income or (loss). Combine lines 26, 27, 28, 29, 30, and 31. Enter the result here and on Form 1040, line 17.

32 Total income or (loss). Combine lines 26, 27, 28, 29, 30, 31, and 32. Enter the result here and on Form 1040, line 17.

33 Total income or (loss). Combine lines 26, 27, 28, 29, 30, 31, 32, and 33. Enter the result here and on Form 1040, line 17.

34 Total income or (loss). Combine lines 26, 27, 28, 29, 30, 31, 32, 33, and 34. Enter the result here and on Form 1040, line 17.

35 Total income or (loss). Combine lines 26, 27, 28, 29, 30, 31, 32, 33, 34, and 35. Enter the result here and on Form 1040, line 17.

**SCHEDULE EIC**  
(Form 1040A or 1040)

Department of the Treasury  
Internal Revenue Service (93)

Name(s) shown on return

**Earned Income Credit**  
Qualifying Child Information

Complete and attach to Form 1040A or 1040 only if you have a qualifying child

OMB No. 1545-0074

**2003**

Attachment Sequence No. 43  
Your social security number

**Before you begin:** See the instructions for Form 1040A, line 41, or Form 1040, line 63, to make sure that (a) you can take the EIC and (b) you have a qualifying child.

- If you take the EIC even though you are not eligible, you may not be allowed to take the credit for up to 10 years. See back of schedule for details.
- It will take us longer to process your return and issue your refund if you do not fill in all lines that apply for each qualifying child.
- Be sure the child's name on line 1 and social security number (SSN) on line 2a agree with the child's social security card. Otherwise, at the time we process your return, we may reduce or disallow your EIC. If the name or SSN on the child's social security card is not correct, call the Social Security Administration at 1-800-772-1213.



**Qualifying Child Information**

	Child 1	Child 2
1 Child's name	First name Last name	First name Last name
2a Child's SSN The child must have an SSN as defined on page 43 of the Form 1040A instructions or page 47 of the Form 1040 instructions unless the child was born and died in 2003. If your child was born and died in 2003 and did not have an SSN, enter "DNE" on this line and attach a copy of the child's birth certificate.	Year _____ If born after 1984, skip lines 3a and 3b; go to line 4.	Year _____ If born after 1984, skip lines 3a and 3b; go to line 4.
b Child's year of birth	Year _____ If born after 1984, skip lines 3a and 3b; go to line 4.	Year _____ If born after 1984, skip lines 3a and 3b; go to line 4.
3 If the child was born before 1985— a Was the child under age 24 at the end of 2003 and a student? b Was the child permanently and totally disabled during any part of 2003?	<input type="checkbox"/> Yes. Go to line 4. <input type="checkbox"/> No. Continue	<input type="checkbox"/> Yes. Go to line 4. <input type="checkbox"/> No. Continue
4 Child's relationship to you (for example, son, daughter, grandchild, niece, nephew, foster child, etc.)	<input type="checkbox"/> Yes. Continue <input type="checkbox"/> No. The child is not a qualifying child.	<input type="checkbox"/> Yes. Continue <input type="checkbox"/> No. The child is not a qualifying child.
5 Number of months child lived with you in the United States during 2003 • If the child lived with you for more than half of 2003 but less than 7 months, enter "7". • If the child was born or died in 2003 and your home was the child's home for the entire time he or she was alive during 2003, enter "12".	_____ months Do not enter more than 12 months.	_____ months Do not enter more than 12 months.



You may also be able to take the additional child tax credit if your child (a) was under age 17 at the end of 2003, (b) is claimed as your dependent on line 6c of Form 1040A or Form 1040, and (c) is a U.S. citizen or resident alien. For more details, see the instructions for line 42 of Form 1040A or line 65 of Form 1040.

For Paperwork Reduction Act Notice, see Form 1040A or 1040 instructions.

Cat. No. 133398M

Schedule EIC (Form 1040A or 1040) 2003

**Purpose of Schedule**

The purpose of this schedule is to give the IRS information about your qualifying child after you have figured your earned income credit (EIC).

To figure the amount of your credit or to have the IRS figure it for you, see the instructions for Form 1040A, line 41, or Form 1040, line 63.

**Taking the EIC When Not Eligible.** If you take the EIC even though you are not eligible and it is determined that your error is due to reckless or intentional disregard of the EIC rules, you will not be allowed to take the credit for 2 years even if you are otherwise eligible to do so. If you fraudulently take the EIC, you will not be allowed to take the credit for 10 years. You may also have to pay penalties.

**Qualifying Child**

A qualifying child is a child who is your . . .

- Son, daughter, adopted child, stepchild, or a descendant of any of them (for example, your grandchild) or
- Brother, sister, stepbrother, stepsister, or a descendant of any of them (for example, your niece or nephew) whom you cared for as you would your own child or
- Foster child (any child placed with you by an authorized placement agency whom you cared for as you would your own child)



was at the end of 2003 . . .

- Under age 19 or
- Under age 24 and a student or
- Any age and permanently and totally disabled



who . . .

Lived with you in the United States for more than half of 2003. If the child did not live with you for the required time, see Exception to "Time Lived With You" Condition on page 42 of the Form 1040A instructions or page 46 of the Form 1040 instructions.

**Note.** If the child was married or meets the conditions to be a qualifying child of another person (other than your spouse if filing a joint return), special rules apply. For details, see page 43 of the Form 1040A instructions or page 47 of the Form 1040 instructions.



Do you want part of the EIC added to your take-home pay in 2004? To see if you qualify, get Form W-5 from your employer, call the IRS at 1-800-TAX-FORM (1-800-925-3876), or go to [www.irs.gov](http://www.irs.gov).

SCHEDULE F (Form 1040) Profit or Loss From Farming

OMB No. 1545-0047 2003 Attachment Sequence No. 14

Attach to Form 1040, Form 1041, Form 1065, or Form 1065-B. See instructions for Schedule F (Form 1040).

Name of proprietor Principal product. Describe in one or two words your principal crop or activity for the current tax year.

Accounting method (1) Cash (2) Accrual

Did you "materially participate" in the operation of this business during 2003? If "No," see page F-2 for limit on passive losses.

Part I Farm Income—Cash Method. Complete Parts I and II (accrual method taxpayers complete Parts II and III, and line 11 of Part I) Do not include sales of livestock held for draft, breeding, sport, or dairy purposes; report these sales on Form 4797.

Table with 11 rows for sales of livestock, cooperatives, CCC loans, crop insurance, and other income.

Part II Farm Expenses—Cash and Accrual Method. Do not include personal or living expenses such as taxes, insurance, repairs, etc., on your home.

Table with 24 rows for various farm expenses including car/truck, chemicals, conservation, depreciation, insurance, interest, and total expenses.

35 Total expenses. Add lines 12 through 34f. 36 Net farm profit or (loss). Subtract line 35 from line 11. If a profit, enter on Form 1040, line 18, and also on Schedule SE, line 1. If a loss, you must go on to line 37 (estates, trusts, and partnerships, see page F-9).

37 If you have a loss, you must check the box that describes your investment in the activity (see page F-6). If you checked 3b, enter the loss on Form 1040, line 18, and also on Schedule SE, line 1. If you checked 3b, you must attach Form 4797.

Part III Farm Income—Accrual Method (See page F-6) Do not include sales of livestock held for draft, breeding, sport, or dairy purposes; report these sales on Form 4797, and do not include this livestock on line 46 below.

Table with 11 rows for sales of livestock, cooperatives, CCC loans, crop insurance, and other income.

Part IV Principal Agricultural Activity Codes



File Schedule C (Form 1040), Profit or Loss From Business, or Schedule C-EZ (Form 1040), Net Profit From Business, instead of Schedule F, if:

- Your principal source of income is from providing agricultural services such as soil preparation, veterinary, farm labor, horticultural, or management for a fee or on a contract basis or
You are engaged in the business of breeding, raising, and caring for dogs, cats, or other pet animals.

These codes for the Principal Agricultural Activity classify farms by the type of activity they are engaged in to facilitate the administration of the Internal Revenue Code. These six-digit codes are based on the North American Industry Classification System (NAICS).

Select one of the following codes and enter the six-digit number on page 1, line B.

- Crop Production 11100 Offseed and grain farming 11120 Vegetable and melon farming
Forestry and Logging 11300 Forestry and logging (including forest nurseries and timber tracts)

OMB No. 1545-0074  
**2003**  
 Attachment Sequence No. **44**  
 Social security number \_\_\_\_\_  
 Employer identification number \_\_\_\_\_

- A** Did you pay any one household employee cash wages of \$1,400 or more in 2003? (If any household employee was your spouse, your child under age 21, your parent, or anyone under age 18, see the line A instructions on page H-3 before you answer this question.)
- Yes. Skip lines B and C and go to line 1.  
 No. Go to line B.
- B** Did you withhold Federal income tax during 2003 for any household employees?
- Yes. Skip line C and go to line 5.  
 No. Go to line C.
- C** Did you pay total cash wages of \$1,000 or more in any calendar quarter of 2002 or 2003 to all household employees? (Do not count cash wages paid in 2002 or 2003 to your spouse, your child under age 21, or your parent.)
- No. Stop. Do not file this schedule.  
 Yes. Skip lines 1-9 and go to line 10 on the back. (Calendar year taxpayers having no household employees in 2003 do not have to complete this form for 2003.)

**Part I Social Security, Medicare, and Income Taxes**

1	Total cash wages subject to social security taxes (see page H-3)	1
2	Social security taxes. Multiply line 1 by 12.4% (12.4)	2
3	Total cash wages subject to Medicare taxes (see page H-3)	3
4	Medicare taxes. Multiply line 3 by 2.9% (029)	4
5	Federal income tax withheld, if any	5
6	Total social security, Medicare, and income taxes (add lines 2, 4, and 5)	6
7	Advance earned income credit (EIC) payments, if any	7
8	Net taxes (subtract line 7 from line 6)	8

- 9** Did you pay total cash wages of \$1,000 or more in any calendar quarter of 2002 or 2003 to household employees? (Do not count cash wages paid in 2002 or 2003 to your spouse, your child under age 21, or your parent.)
- No. Stop. Enter the amount from line 8 above on Form 1040, line 59. If you are not required to file Form 1040, see the line 9 instructions on page H-3.  
 Yes. Go to line 10 on the back.

- 10 Did you pay unemployment contributions to only one state?  
 11 Did you pay all state unemployment contributions for 2003 by April 15, 2004? Fiscal year filers, see page H-4  
 12 Were all wages that are taxable for FUTA tax also taxable for your state's unemployment tax?  
 Next: if you checked the "Yes" box on all the lines above, complete Section A. If you checked the "No" box on any of the lines above, skip Section A and complete Section B.

**Section A**

13 Name of the state where you paid unemployment contributions

14 State reporting number as shown on state unemployment tax return

15 Contributions paid to your state unemployment fund (see page H-4)

16 Total cash wages subject to FUTA tax (see page H-4)

17 FUTA tax. Multiply line 16 by .008. Enter the result here. Skip Section B, and go to line 26

**Section B**

18 Complete all columns below that apply (if you need more space, see page H-4):

(a) Name of state	(b) State reporting number as shown on state unemployment tax return	(c) Taxable wages (as defined in state act)	(d) State experience rate period	(e) State experience rate	(f) Multiply col (c) by col (e)	(g) Multiply col (f) by col (h)	(h) Subtract col (g) from col (f); if amount is zero, enter -0-	(i) Contributions paid to state unemployment fund
			From	To				

19 Totals

20 Add columns (h) and (i) of line 19

21 Total cash wages subject to FUTA tax (see the line 16 instructions on page H-4)

22 Multiply line 21 by 6.2% (062)

23 Multiply line 21 by 5.4% (054)

24 Enter the smaller of line 20 or line 23

25 FUTA tax. Subtract line 24 from line 22. Enter the result here and go to line 26

**Part III Total Household Employment Taxes**

26	Enter the amount from line 8	26
27	Add line 17 (or line 25) and line 26	27

- 28 Are you required to file Form 1040?  
 Yes. Stop. Enter the amount from line 27 above on Form 1040, line 59. Do not complete Part IV below.  
 No. You may have to complete Part IV. See page H-4 for details.

**Part IV Address and Signature—Complete this part only if required. See the line 28 instructions on page H-4.**

Address (number and street or P.O. box if mail is not delivered to street address) Apt., room, or suite no.  
 City, town or post office, state, and ZIP code

Under penalties of perjury, I declare that I have examined this schedule, including accompanying statements, and to the best of my knowledge and belief, it is true, correct, and complete. No part of any payment made to a state unemployment fund claimed as a credit was, or is to be, deducted from the payments to employees

**Schedule R (Form 1040)**

Department of the Treasury  
Internal Revenue Service (99)

**Credit for the Elderly or the Disabled**

▶ Attach to Form 1040. ▶ See instructions for Schedule R (Form 1040).

OMB No. 1545-0074

**2003**

Attachment  
Sequence No. 16

Your social security number

You may be able to take this credit and reduce your tax if by the end of 2003:

- You were age 65 or older or
- You were under age 65, you retired on permanent and total disability, and you received taxable disability income.

But you must also meet other tests. See page R-1.

▶ In most cases, the IRS can figure the credit for you. See page R-1.

**Part I Check the Box for Your Filing Status and Age**

If your filing status is: **And by the end of 2003:** **Check only one box:**

- Single, Head of household, or Qualifying widow(er)
  - 1 You were 65 or older
  - 2 You were under 65 and you retired on permanent and total disability
- 3 Both spouses were 65 or older
- 4 Both spouses were under 65, but only one spouse retired on permanent and total disability
- 5 Both spouses were under 65, and both retired on permanent and total disability
- 6 One spouse was 65 or older, and the other spouse was under 65 and retired on permanent and total disability
- 7 One spouse was 65 or older, and the other spouse was under 65 and not retired on permanent and total disability

Mailed filing separately

Did you check box 1, 3, 7, or 8?

- Yes ▶ Skip Part II and complete Part III on back.
- No ▶ Complete Parts II and III.

**Part II Statement of Permanent and Total Disability** (Complete only if you checked box 2, 4, 5, 6, or 9 above.)

- If 1 You filed a physician's statement for this disability for 1983 or an earlier year, or you filed or got a statement for tax years after 1983 and your physician signed line B on the Statement, and
- 2 Due to your continued disabled condition, you were unable to engage in any substantial gainful activity in 2003, check this box
- If you checked this box, you do not have to get another statement for 2003.
- If you did not check this box, have your physician complete the statement on page R-4. You must keep the statement for your records

For Paperwork Reduction Act Notice, see Form 1040 instructions. Cat No. 11359K Schedule R (Form 1040) 2003

Schedule R (Form 1040) 2003

**Part III Figure Your Credit**

10 If you checked (in Part I):

Box 1, 2, 4, or 7	Enter:	
Box 3, 5, or 6		\$5,000
Box 8 or 9		\$7,500
		\$3,750

Did you check box 2, 4, 5, 6, or 9 in Part I? Yes  No  You must complete line 11. Enter the amount from line 10 on line 12 and go to line 13.

11 If you checked (in Part I):

- Box 6. add \$5,000 to the taxable disability income of the spouse who was under age 65. Enter the total.
- Box 2, 4, or 9. enter your taxable disability income.
- Box 5. add your taxable disability income to your spouse's taxable disability income. Enter the total.

For more details on what to include on line 11, see page R-3.

12 If you completed line 11, enter the smaller of line 10 or line 11. All others, enter the amount from line 10.

13 Enter the following pensions, annuities, or disability income that you (and your spouse if filing a joint return) received in 2003:

a	Nontaxable part of social security benefits and Nontaxable part of railroad retirement benefits	13a	
b	Nontaxable veterans' pensions and Any other pension, annuity, or disability benefit that is excluded from income under any other provision of law (see page R-3)	13b	
c	Add lines 13a and 13b. (Even though these income items are not taxable, they must be included here to figure your credit) If you did not receive any of the types of nontaxable income listed on line 13a or 13b, enter -0- on line 13c.	13c	

14 Enter the amount from Form 1040, line 35

15 If you checked (in Part I):

Box 1 or 2	Enter:	
Box 3, 4, 5, 6, or 7		\$7,500
Box 8 or 9		\$10,000
		\$5,000

16 Subtract line 15 from line 14. If zero or less, enter -0-

17 Enter one-half of line 16

18 Add lines 13c and 17

19 Subtract line 18 from line 12. If zero or less, stop; you cannot take the credit. Otherwise, go to line 20

20 Multiply line 19 by 15% (.15)

21 Enter the amount from Form 1040, line 43

22 Add the amounts from Form 1040, lines 44 and 45, and enter the total

23 Subtract line 22 from line 21

24 Credit for the elderly or the disabled. Enter the smaller of line 20 or line 23 here and on Form 1040, line 46



**SCHEDULE SE**  
(Form 1040)

OMB No. 1545-0074

**2003**  
Attachment  
Sequence No. 17

Department of the Treasury  
Internal Revenue Service (99)

**Self-Employment Tax**

▶ Attach to Form 1040. ▶ See instructions for Schedule SE (Form 1040).

Name of person with self-employment income (as shown on Form 1040) . . . . .

Social security number of person with self-employment income ▶ . . . . .

**Who Must File Schedule SE**

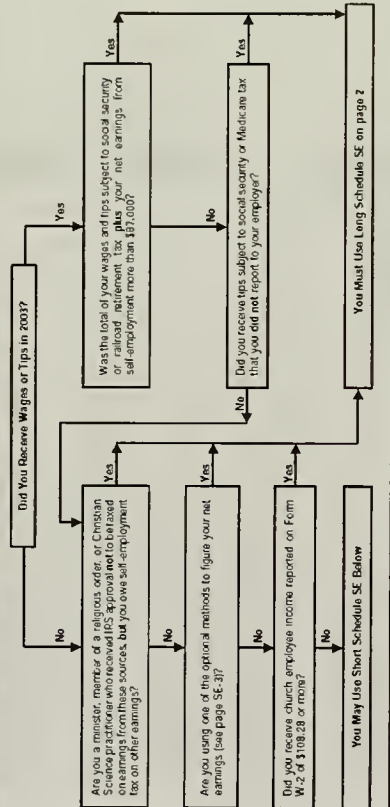
You must file Schedule SE if:

- You had net earnings from self-employment from other than church employee income (line 4 of Short Schedule SE or line 4c of Long Schedule SE) of \$400 or more or
- You had church employee income of \$108.28 or more. Income from services you performed as a minister or a member of a religious order is not church employee income (see page SE-1).

**Note.** Even if you had a loss or a small amount of income from self-employment, it may be to your benefit to file Schedule SE and use either "optional method" in Part II of Long Schedule SE (see page SE-3).

**Exception.** If your only self-employment income was from earnings as a minister, member of a religious order, or Christian Science practitioner and you filed Form 4361 and received IRS approval not to be taxed on these earnings, do not file Schedule SE. Instead, write "Exempt-Form 4361" on Form 1040, line 55.

**May I Use Short Schedule SE or Must I Use Long Schedule SE?**



**Section A—Short Schedule SE. Caution.** Read above to see if you can use Short Schedule SE.

1	Net farm profit or (loss) from Schedule E, line 36, and farm partnerships, Schedule K-1 (Form 1065), line 15a	1	
2	Net profit or (loss) from Schedule C, line 31; Schedule C-EZ, line 3; Schedule K-1 (Form 1065), line 15a (other than farming); and Schedule K-1 (Form 1065-B), box 9. Ministers and members of religious orders, see page SE-1 for amounts to report on this line. See page SE-2 for other income to report	2	
3	Combine lines 1 and 2	3	
4	Net earnings from self-employment. Multiply line 3 by 92.35% (.9235). If less than \$400, do not file this schedule; you do not owe self-employment tax	4	
5	Self-employment tax. If the amount on line 4 is: • \$87,000 or less, multiply line 4 by 15.3% (.153). Enter the result here and on Form 1040, line 55. • More than \$87,000, multiply line 4 by 2.9% (.029). Then, add \$10,788.00 to the result. Enter the total here and on Form 1040, line 55.	5	
6	Deduction for one-half of self-employment tax. Multiply line 5 by 50% (.5). Enter the result here and on Form 1040, line 28	6	

For Paperwork Reduction Act Notice, see Form 1040 instructions.

Attachment Sequence No. 17

Schedule SE (Form 1040) 2003

Schedule SE (Form 1040) 2003

Attachment Sequence No. 17

Name of person with self-employment income (as shown on Form 1040) . . . . .

Social security number of person with self-employment income ▶ . . . . .

**Section B—Long Schedule SE**

**Part I Self-Employment Tax**

**Note.** If your only income subject to self-employment tax is church employee income, skip lines 1 through 4b. Enter -0- on line 4c and go to line 5a. Income from services you performed as a minister or a member of a religious order is not church employee income. See page SE-1.

**A** If you are a minister, member of a religious order, or Christian Science practitioner and you filed Form 4361, but you had \$400 or more of other net earnings from self-employment, check here and continue with Part I.

1	Net farm profit or (loss) from Schedule C, line 31; Schedule C-EZ, line 3; Schedule K-1 (Form 1065), line 15a (other than farming); and Schedule K-1 (Form 1065-B), box 9. Ministers and members of religious orders, see page SE-1 for amounts to report on this line. See page SE-2 for other income to report. <b>Note.</b> Skip this line if you use the nonfarm optional method (see page SE-4)	1	
2	Combine lines 1 and 2	2	
3	Combine lines 1 and 2	3	
4a	If line 3 is more than zero, multiply line 3 by 92.35% (.9235). Otherwise, enter amount from line 3	4a	
4b	If you elect one or both of the optional methods, enter the total of lines 15 and 17 here	4b	
4c	Combine lines 4a and 4b. If less than \$400, do not file this schedule; you do not owe self-employment tax. <b>Exception.</b> If less than \$400 and you had church employee income, enter -0- and continue ▶	4c	
5a	Enter your church employee income from Form W-2. See page SE-1 for definition of church employee income	5a	
5b	Multiply line 5a by 92.35% (.9235). If less than \$100, enter -0-	5b	
5	Net earnings from self-employment. Add lines 4c and 5b	5	
6	Maximum amount of combined wages and self-employment earnings subject to social security tax or the 6.2% portion of the 7.65% railroad retirement (tier 1) tax for 2003	6	87,000.00
7	Total social security wages and tips (total of boxes 3 and 7 on Form(s) W-2) and railroad retirement (tier 1) compensation. If \$87,000 or more, skip lines 8b through 10, and go to line 11	7	
8a	Unreported tips subject to social security tax (from Form 4137, line 9)	8a	
8b	Add lines 8a and 8b	8b	
9	Subtract line 8c from line 7. If zero or less, enter -0-. Here and on line 10 and go to line 11	9	
10	Multiply the smaller of line 6 or line 9 by 12.4% (.124)	10	
11	Multiply line 6 by 2.9% (.029)	11	
12	Self-employment tax. Add lines 10 and 11. Enter here and on Form 1040, line 55	12	
13	Deduction for one-half of self-employment tax. Multiply line 12 by 50% (.5). Enter the result here and on Form 1040, line 28	13	

**Part II Optional Methods To Figure Net Earnings (see page SE-3)**

**Farm Optional Method.** You may use this method only if:

- Your gross farm income<sup>1</sup> was not more than \$2,400 or
  - Your net farm profits<sup>2</sup> were less than \$1,733.
- 14 Maximum income for optional methods
- 15 Enter the smaller of: two-thirds (2/3) of gross farm income (not less than zero) or \$1,600. Also include this amount on line 4b above

**Nonfarm Optional Method.** You may use this method only if:

- Your net nonfarm profits<sup>3</sup> were less than \$1,733 and also less than 72.189% of your gross nonfarm income<sup>4</sup> and
- You had net earnings from self-employment of at least \$400 in 2 of the prior 3 years.

**Caution.** You may use this method no more than five times.

- 16 Subtract line 15 from line 14
- 17 Enter the smaller of: two-thirds (2/3) of gross nonfarm income (not less than zero) or the amount on line 16. Also include this amount on line 4b above

<sup>1</sup>From Sch. F, line 11, and Sch. K-1 (Form 1065), line 15b  
<sup>2</sup>From Sch. F, line 36, and Sch. K-1 (Form 1065), line 15a  
<sup>3</sup>From Sch. C, line 31; Sch. C-EZ, line 3; Sch. K-1 (Form 1065), line 15a, and Sch. K-1 (Form 1065-B), box 9  
<sup>4</sup>From Sch. F, line 36, and Sch. K-1 (Form 1065), line 15a



Department of the Treasury  
Internal Revenue Service (999)  
Your name  
Occupation in which you incurred expenses  
Social security number

Part I Employee Business Expenses and Reimbursements

Step 1 Enter Your Expenses

Table with 6 rows and 2 columns: Column A (Other Than Meals and Entertainment), Column B (Meals and Entertainment). Rows 1-6 describe various expenses like vehicle, parking, travel, lodging, and meals.

Note: If you were not reimbursed for any expenses in Step 1, skip line 7 and enter the amount from line 6 on line 8.

Step 2 Enter Reimbursements Received From Your Employer for Expenses Listed in Step 1

Table with 7 rows for reporting reimbursements received from the employer.

Step 3 Figure Expenses To Deduct on Schedule A (Form 1040)

Table with 9 rows for calculating deductible expenses, including adjustments for other income and non-deductible expenses.

For Paperwork Reduction Act Notice, see instructions Form 2106 (2003)

Part II Vehicle Expenses

Section A—General Information (You must complete this section if you are claiming vehicle expenses.)

Form with 17 numbered lines for general information, including vehicle identification, miles driven, and business use percentages.

Section B—Standard Mileage Rate (See the instructions for Part II to find out whether to complete this section or Section C.)

22 Multiply line 13 by 36¢ (36) . . . . . 22 (a) Vehicle 1 (b) Vehicle 2

Section C—Actual Expenses

Form with 9 numbered lines for actual expenses, including gas, insurance, repairs, and depreciation.

Section D—Depreciation of Vehicles (Use this section only if you owned the vehicle and are completing Section C for the vehicle.)

Form with 8 numbered lines for depreciation calculations, including cost basis, 179 deduction, and percentage calculations.

# Form 2441 Child and Dependent Care Expenses

Department of the Treasury Internal Revenue Service (99) Name(s) shown on Form 1040

▶ Attach to Form 1040.  
▶ See separate instructions.

**2003** Attachment Sequence No. 21

Your social security number

**Part III** **Dependent Care Benefits**

12 Enter the total amount of dependent care benefits you received for 2003. This amount should be shown in box 10 of your W-2 form(s). Do not include amounts that were reported to you as wages in box 1 of Form(s) W-2 . . . . . **12**

13 Enter the amount forfeited, if any (see the instructions) . . . . . **13**

14 Subtract line 13 from line 12 . . . . . **14**

15 Enter the total amount of qualified expenses incurred in 2003 for the care of the qualifying person(s) . . . . . **15**

16 Enter the smaller of line 14 or 15 . . . . . **16**

17 Enter your earned income . . . . . **17**

18 Enter the amount shown below that applies to you.

- If married filing jointly, enter your spouse's earned income (if your spouse was a student or was disabled, see the instructions for line 3).
- If married filing separately, see the instructions for the amount to enter.
- All others, enter the amount from line 17.

**18**

19 Enter the **smallest** of line 16, 17, or 18 . . . . . **19**

20 **Excluded benefits.** Enter here the smaller of the following:

- The amount from line 19 or
- \$5,000 (\$2,500 if married filing separately and you were required to enter your spouse's earned income on line 19).

**20**

21 **Taxable benefits.** Subtract line 20 from line 14. Also, include this amount on Form 1040, line 7. On the dotted line next to line 7, enter "DCB" . . . . . **21**

22 Enter \$3,000 (\$6,000 if two or more qualifying persons) . . . . . **22**

23 Enter the amount from line 20 . . . . . **23**

24 Subtract line 23 from line 22. If zero or less, stop. You cannot take the credit. **Exception.** If you paid 2002 expenses in 2003, see the instructions for line 9 . . . . . **24**

25 Complete line 2 on the front of this form. Do not include in column (c) any benefits shown on line 20 above. Then, add the amounts in column (c) and enter the total here . . . . . **25**

26 Enter the **smaller** of line 24 or 25. Also, enter this amount on line 3 on the front of this form and complete lines 4-11 . . . . . **26**

To claim the child and dependent care credit, complete lines 22-26 below.

9 Multiply line 6 by the decimal amount on line 8. If you paid 2002 expenses in 2003, see the instructions . . . . . **9**

10 Enter the amount from Form 1040, line 43, minus any amount on Form 1040, line 44 . . . . . **10**

11 **Credit for child and dependent care expenses.** Enter the smaller of line 9 or line 10 here and on Form 1040, line 45 . . . . . **11**

For Paperwork Reduction Act Notice, see page 3 of the instructions.

## Part I Persons or Organizations Who Provided the Care— You must complete this part.

(a) Care provider's name (number, street, apt. no., city, state, and ZIP code)

(b) Identifying number (SSN or EIN)

(c) Amount paid (see instructions)

1	2	3	4	5	6	7	8	9	10	11

Did you receive dependent care benefits?  No  Yes

Complete only Part II below.

Complete Part III on the back next.

Caution. If the care was provided in your home, you may owe employment taxes. See the instructions for Form 1040, line 59.

## Part II Credit for Child and Dependent Care Expenses

2 Information about your qualifying person(s). If you have more than two qualifying persons, see the instructions.

(a) Qualifying person's name

(b) Qualifying person's social security number

(c) Qualified expenses you incurred for the person(s) listed in column (a)

3	4	5	6	7	8	9	10	11

3 Add the amounts in column (c) of line 2. Do not enter more than \$3,000 for one qualifying person or \$6,000 for two or more persons. If you completed Part III, enter the amount from line 26 . . . . . **3**

4 Enter your earned income . . . . . **4**

5 If married filing jointly, enter your spouse's earned income (if your spouse was a student or was disabled, see the instructions); all others, enter the amount from line 4 . . . . . **5**

6 Enter the smallest of line 3, 4, or 5 . . . . . **6**

7 Enter the amount from Form 1040, line 35 . . . . . **7**

8 Enter on line 8 the decimal amount shown below that applies to the amount on line 7

Over	But not over	Decimal amount is
0—15,000	35	35
15,000—17,000	34	34
17,000—19,000	33	33
19,000—21,000	32	32
21,000—23,000	31	31
23,000—25,000	30	30
25,000—27,000	29	29
27,000—29,000	28	28
29,000—31,000	27	27
31,000—33,000	26	26
33,000—35,000	25	25
35,000—37,000	24	24
37,000—39,000	23	23
39,000—41,000	22	22
41,000—43,000	21	21
43,000—No limit	20	20

9 Multiply line 6 by the decimal amount on line 8. If you paid 2002 expenses in 2003, see the instructions . . . . . **9**

10 Enter the amount from Form 1040, line 43, minus any amount on Form 1040, line 44 . . . . . **10**

11 **Credit for child and dependent care expenses.** Enter the smaller of line 9 or line 10 here and on Form 1040, line 45 . . . . . **11**

For Paperwork Reduction Act Notice, see page 3 of the instructions.

Form 3800

Department of the Treasury Internal Revenue Service

Name(s) shown on return

General Business Credit

See instructions on pages 3 and 4. Attach to your tax return.

OMB No. 1545-0095

2003

Attachment Sequence No. 22

Identifying number

Part I Current Year Credit

Table with 19 rows (1a-1s) and 2 columns: Description and Identifying number. Includes items like Current year investment credit, Current year work opportunity credit, etc.

Part II Allowable Credit

Table with 19 rows (9-19) and 2 columns: Description and Identifying number. Includes items like Regular tax before credits, Alternative minimum tax, Foreign tax credit, etc.

For Paperwork Reduction Act Notice, see page 2. Call No. 12332F Form 3800 (2003)

Page 2

Schedule A - Additional General Business Credit Allowed by Internal Revenue Code Section 38(c)(2) (Before Repeal by the Revenue Reconciliation Act of 1990) - Only Applicable to C Corporations

Table with 17 rows (20-36) and 2 columns: Description and Identifying number. Includes items like Enter the portion of the credit shown on line 6, Tentative minimum tax, etc.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

Form 3800 (2003)

Alternative Minimum Tax—Individuals

Form 6251

Department of the Treasury, Internal Revenue Service (IRS)
OMB No. 1545-0227
2003
Attachment Sequence No. 32
Your social security number

Part I Alternative Minimum Taxable Income (See instructions for how to complete each line.)
1 If filing Schedule A (Form 1040), enter the amount from Form 1040, line 38, and go to line 2. Otherwise, enter the amount from Form 1040, line 35, and go to line 7. (If zero or less, enter as a negative amount.)
2 Medical and dental. Enter the smaller of Schedule A (Form 1040), line 4, or 21% of Form 1040, line 35.
3 Taxes from Schedule A (Form 1040), line 6.
4 Certain interest on a home mortgage not used to buy, build, or improve your home.
5 Miscellaneous deductions from Schedule A (Form 1040), line 26.
6 If Form 1040, line 35, is over \$139,500 (over \$87,750 if married filing separately), enter the amount from line 9 of the worksheet for Schedule A (Form 1040), line 28.
7 Tax refund from Form 1040, line 10 or line 21.
8 Investment interest expense (difference between regular tax and AMT).
9 Depreciation (difference between regular tax and AMT).
10 Net operating loss deduction from Form 1040, line 21. Enter as a positive amount.
11 Interest from specified private activity bonds exempt from the regular tax.
12 Qualified small business stock (see instructions).
13 Exercise of incentive stock options (excess of AMT income over regular tax income).
14 Estates and trusts (amount from Schedule K-1 (Form 1041), line 9).
15 Electing large partnerships (amount from Schedule K-1 (Form 1065-B), box 6).
16 Disposition of property (difference between AMT and regular tax gain or loss).
17 Depreciation on assets placed in service after 1986 (difference between regular tax and AMT).
18 Passive activities (difference between AMT and regular tax income or loss).
19 Loss limitations (difference between AMT and regular tax income or loss).
20 Criolloation costs (difference between regular tax and AMT).
21 Long-term contracts (difference between AMT and regular tax income).
22 Mining costs (difference between regular tax and AMT).
23 Research and experimental costs (difference between regular tax and AMT).
24 Income from certain installment sales before January 1, 1987.
25 Intangible drilling costs preference.
26 Other adjustments, including income-based related adjustments.
27 Alternative tax net operating loss deduction.
28 Alternative minimum taxable income. Combine lines 1 through 27. (If married filing separately and line 28 is more than \$191,000, see page 7 of the instructions.)

Part III Alternative Minimum Tax

20 Exemption. (If this form is for a child under age 14, see page 7 of the instructions.)
IF your filing status is ... THEN enter on line 20 ...
Single or head of household, \$40,250
Married filing jointly or qualifying widow(er), \$112,500
Married filing separately, \$58,000
If line 28 is over the amount shown above for your filing status, see page 7 of the instructions.
30 Subtract line 28 from line 20. If zero or less, enter -0- here and on lines 31 and 35 and stop here.
31 If you reported capital gain distributions directly on Form 1040, line 13a, you reported qualified dividends on Form 1040, line 9b, or you had a gain on both lines 16 and 17a of Schedule D (Form 1040) (as required for the AMT, if necessary), complete Part III on the back and enter the amount from line 65 here.
All others: If line 30 is \$175,000 or less (\$87,500 or less if married filing separately), multiply line 30 by 26% (.26). Otherwise, multiply line 30 by 28% (.28) and subtract \$3,500 (\$1,750 if married filing separately) from the result.
32 Alternative minimum tax (foreign tax credit) (see page 7 of the instructions).
33 Tentative minimum tax. Subtract line 32 from line 31.
34 Tax from Form 1040, line 41 (minus any tax from Form 4972 and any foreign tax credit from Form 1040, line 44).
35 Alternative minimum tax. Subtract line 34 from line 33. If zero or less, enter -0-. Enter here and on Form 1040, line 42.

For Paperwork Reduction Act Notice, see page 8 of the instructions.
Cat. No. 15601G
Form 6251 (2003)

Part III Tax Computation Using Maximum Capital Gains Rates

36 Enter the amount from Form 6251, line 30.
37 Enter the amount from Schedule D (Form 1040), line 26, or line 13 of the Schedule D Tax Worksheet on page D-11 of the instructions for Schedule D (Form 1040), whichever applies (as required for the AMT, if necessary) (see page 8 of the instructions).
38 Enter the amount from Schedule D (Form 1040), line 19 (as required for the AMT, if necessary) (see page 8 of the instructions).
39 If you did not complete a Schedule D Tax Worksheet (or the regular tax or the AMT), enter the amount from line 37. Otherwise, add lines 37 and 38, and enter the smaller of that result or the amount from line 10 of the Schedule D Tax Worksheet (as required for the AMT, if necessary).
40 Enter the smaller of line 36 or line 39.
41 Subtract line 40 from line 36.
42 If line 41 is \$175,000 or less (\$87,500 or less if married filing separately), multiply line 41 by 26% (.26). Otherwise, multiply line 41 by 28% (.28) and subtract \$3,500 (\$1,750 if married filing separately) from the result.

43 Enter the amount from Schedule D (Form 1040), line 30, or line 19 of the Schedule D Tax Worksheet on page D-11 of the instructions for Schedule D (Form 1040), whichever applies (as required for the regular tax) (see page 8 of the instructions).
44 Enter the smaller of line 35 or line 37.
45 Enter the smaller of line 43 or line 44.
46 If you did not complete a Schedule D Tax Worksheet (or the regular tax or the AMT), enter the amount from Schedule D (Form 1040), line 43 (or if that line is blank, the amount from Schedule D (Form 1040), line 31). Otherwise, enter the amount from line 32 of the Schedule D Tax Worksheet on page D-11 of the instructions for Schedule D (Form 1040) (or if that line is blank, the amount from line 20 of that worksheet). Refigure all amounts for the AMT, if necessary (see page 8 of the instructions).
47 Enter the smaller of line 45 or line 46. If line 45 is zero, go to line 55.
48 Multiply line 47 by 5% (.05).
49 Subtract line 47 from line 45. If zero or less, enter -0- and go to line 55.

50 Enter your qualified 5-year gain, if any, from Schedule D (Form 1040), line 35 (as required for the AMT, if necessary) (see page 8 of the instructions).
51 Enter the smaller of line 49 or line 50.
52 Multiply line 51 by 8% (.08).
53 Subtract line 51 from line 49.
54 Multiply line 53 by 10% (.10).
55 Subtract line 47 from line 46.
56 Subtract line 45 from line 44.
57 Enter the smaller of line 55 or line 56.
58 Multiply line 57 by 15% (.15).
59 Subtract line 57 from line 56.
60 Multiply line 59 by 20% (.20).
If line 38 is zero or blank, skip lines 61 and 62 and go to line 63. Otherwise, go to line 61.

61 Subtract line 44 from line 40.
62 Multiply line 61 by 25% (.25).
63 Add lines 42, 48, 52, 54, 58, 60, and 62.
64 If line 36 is \$175,000 or less (\$87,500 or less if married filing separately), multiply line 36 by 26% (.26). Otherwise, multiply line 36 by 28% (.28) and subtract \$3,500 (\$1,750 if married filing separately) from the result.
65 Enter the smaller of line 63 or line 64 here and on line 31.

Caution: The worksheets must be filed with your tax return. Keep a copy for your records. Worksheet 1—For Form 8582, Lines 1a, 1b, and 1c (See page 7 of the instructions.)

Table with 5 columns: Name of activity, Current year (a) Net income, (b) Net loss, (c) Unallowed loss, Overall gain or loss (d) Gain, (e) Loss.

Total. Enter on Form 8582, lines 1a, 1b, and 1c.

Worksheet 2—For Form 8582, Lines 2a and 2b (See page 8 of the instructions.)

Table with 5 columns: Name of activity, Current year (a) Current year deductions, (b) Prior year unallowed deductions, Overall gain or loss (c) Overall loss.

Total. Enter on Form 8582, lines 2a and 2b.

Worksheet 3—For Form 8582, Lines 3a, 3b, and 3c (See page 8 of the instructions.)

Table with 5 columns: Name of activity, Current year (a) Net income, (b) Net loss, (c) Unallowed loss, Overall gain or loss (d) Gain, (e) Loss.

Total. Enter on Form 8582, lines 3a, 3b, and 3c.

Worksheet 4—Use this worksheet if an amount is shown on Form 8582, line 10 or 14 (See page 9)

Table with 5 columns: Name of activity, Form or schedule and line number to be reported on, (a) Loss, (b) Ratio, (c) Special allowance, (d) Subtract column (e) from column (a).

Total. Enter on Form 8582, line 10 or 14.

Worksheet 5—Allocation of Unallowed Losses (See page 9 of the instructions.)

Table with 5 columns: Name of activity, Form or schedule and line number to be reported on, (a) Loss, (b) Ratio, (c) Unallowed loss.

Total. Enter on Form 8582, line 10 or 14.

Passive Activity Loss Limitations

See separate instructions. Attach to Form 1040 or Form 1041.

Part I 2003 Passive Activity Loss

Caution: See the instructions for Worksheets 1, 2, and 3 on pages 7 and 8 before completing Part I.

Rental Real Estate Activities With Active Participation (For the definition of active participation see Special Allowance for Rental Real Estate Activities on page 3 of the instructions.)

Table with 3 columns: 1a Activities with net income, 1b Activities with net loss, 1c Prior years unallowed losses.

Commercial Revitalization Deductions From Rental Real Estate Activities

Table with 2 columns: 2a Commercial revitalization deductions, 2b Prior year unallowed commercial revitalization deductions.

All Other Passive Activities

Table with 3 columns: 3a Activities with net income, 3b Activities with net loss, 3c Prior years unallowed losses.

Combine lines 1d, 2c, and 3d. If the result is net income or zero, all losses are allowed, including any prior year unallowed losses entered on line 1c, 2b, or 3c.

Caution: If your filing status is married filing separately and you lived with your spouse at any time during the year, do not complete Part II or Part III. Instead, go to line 15.

Part II Special Allowance for Rental Real Estate With Active Participation

Note: Enter all numbers in Part II as positive amounts. See page 8 for an example.

Table with 10 rows: 5 Enter the smaller of the loss or line 1d, 6 Enter \$150,000, 7 Enter modified adjusted gross income, 8 Subtract line 7 from line 6, 9 Multiply line 8 by 50%, 10 Enter the smaller of line 5 or line 9.

Part III Special Allowance for Commercial Revitalization Deductions From Rental Real Estate Activities

Note: Enter all numbers in Part III as positive amounts. See the example for Part II on page 8.

Table with 6 rows: 11 Enter \$25,000 reduced by the amount, 12 Enter the loss from line 4, 13 Reduce line 12 by the amount on line 10, 14 Enter the smallest of line 2c treated as a positive amount, 15 Add the income, 16 Total losses allowed from all passive activities for 2003.

For Paperwork Reduction Act Notice, see page 12 of the instructions.



Form **8615** Tax for Children Under Age 14  
 With Investment Income of More Than \$1,500  
 ▶ Attach only to the child's Form 1040, Form 1040A, or Form 1040NR.  
 ▶ See separate instructions.

Department of the Treasury  
 Internal Revenue Service (98)

Child's name shown on return

OMB No. 1545-0088  
**2003**  
 Attachment  
 Sequence No. **33**

Child's social security number

**Before you begin:** If the child, the parent, or any of the parent's other children under age 14 received capital gains (including capital gain distributions), or qualified dividends, or farm income, see Pub. 928, Tax Rules for Children and Dependents. It explains how to figure the child's tax using the Qualified Dividends and Capital Gain Tax Worksheet in the Form 1040 or Form 1040A instructions, or Schedule D or J (Form 1040).

**A** Parent's name (first, middle, and last) *Caution* See instructions before completing.

**B** Parent's social security number

**C** Parent's filing status (check one)  
 Single  Married filing jointly  Married filing separately  Head of household  Qualifying widow(er)

**Part I Child's Net Investment Income**

1	Enter the child's investment income (see instructions)	
2	If the child did not itemize deductions on Schedule A (Form 1040 or Form 1040NR), enter \$1,500. Otherwise, see instructions	
3	Subtract line 2 from line 1. If zero or less, stop; do not complete the rest of this form but do attach it to the child's return	
4	Enter the child's taxable income from Form 1040, line 40; Form 1040A, line 27; or Form 1040NR, line 38	
5	Enter the smaller of line 3 or line 4. If zero, stop; do not complete the rest of this form but do attach it to the child's return	

**Part II Tentative Tax Based on the Tax Rate of the Parent**

6	Enter the parent's taxable income from Form 1040, line 40; Form 1040A, line 27; Form 1040EZ, line 6; Telefile Tax Record, line K(1); Form 1040NR, line 38; or Form 1040NR-EZ, line 14. If zero or less, enter -0-	
7	Enter the total, if any, from Forms 8615, line 5, of all other children of the parent named above. Do not include the amount from line 5 above	
8	Add lines 6, 7, and 7	
9	Enter the tax on the amount on line 8 based on the parent's filing status above (see instructions). If the Qualified Dividends and Capital Gain Tax Worksheet or Schedule D or J (Form 1040) is used, check here	
10	Enter the parent's tax from Form 1040, line 41; Form 1040A, line 28, minus any alternative minimum tax, Form 1040EZ, line 10; Telefile Tax Record, line K(2); Form 1040NR, line 39; or Form 1040NR-EZ, line 15. Do not include any tax from Form 4972 or 6014. If the Qualified Dividends and Capital Gain Tax Worksheet or Schedule D or J (Form 1040) was used to figure the tax, check here	
11	Subtract line 10 from line 9 and enter the result. If line 7 is blank, also enter this amount on line 13 and go to Part III	
12a	Add lines 5 and 7	12a
b	Divide line 5 by line 12a. Enter the result as a decimal (rounded to at least three places)	12b X
13	Multiply line 11 by line 12b	13

**Part III Child's Tax—If lines 4 and 5 above are the same, enter -0- on line 15 and go to line 16.**

14	Subtract line 5 from line 4	14
15	Enter the tax on the amount on line 14 based on the child's filing status (see instructions). If the Qualified Dividends and Capital Gain Tax Worksheet or Schedule D or J (Form 1040) is used to figure the tax, check here	
16	Add lines 13 and 15	
17	Enter the tax on the amount on line 4 based on the child's filing status (see instructions). If the Qualified Dividends and Capital Gain Tax Worksheet or Schedule D or J (Form 1040) is used to figure the tax, check here	
18	Enter the larger of line 16 or line 17 here and on the child's Form 1040, line 41; Form 1040A, line 28; or Form 1040NR, line 39	



Credit for Prior Year Minimum Tax—Individuals, Estates, and Trusts

- See instructions on pages 3 and 4.
Attach to Form 1040, 1040NR, or 1041.

Part I Net Minimum Tax on Exclusion Items

- 1 Combine lines 1, 6, and 10 of your 2002 Form 6251. Estates and trusts, see instructions
2 Enter adjustments and preferences treated as exclusion items (see instructions).
3 Minimum tax credit, net operating loss deduction (see instructions).
4 Combine lines 1, 2, and 3. If zero or less, enter -0- here and on line 15 and go to Part II. If more than \$173,000 and you were married filing separately for 2002, see instructions.
5 Enter: \$49,000 if married filing jointly or qualifying widow(er) for 2002; \$35,750 if single or head of household for 2002; or \$24,500 if married filing separately for 2002. Estates and trusts, enter \$22,500.
6 Enter: \$150,000 if married filing jointly or qualifying widow(er) for 2002; \$112,500 if single or head of household for 2002; or \$75,000 if married filing separately for 2002. Estates and trusts, enter \$75,000.
7 Subtract line 6 from line 4. If zero or less, enter -0- here and on line 8 and go to line 9.
8 Multiply line 7 by 25% (.25).
9 Subtract line 8 from line 5. If zero or less, enter -0-. If this form is for a child under age 14, see instructions.
10 Subtract line 9 from line 4. If zero or less, enter -0- here and on line 15 and go to Part II. Form 1040NR filers, see instructions.
11 If for 2002 you reported capital gain distributions directly on Form 1040, line 13, or had a gain on both lines 16 and 17 of Schedule D (Form 1040) (lines 13a and 16, column (2), of Schedule D (Form 1041)), complete Part III of Form 8801 and enter the amount from line 48 here.
All others: If line 10 is \$175,000 or less (\$87,500 or less if married filing separately for 2002), multiply line 10 by 26% (.26). Otherwise, multiply line 10 by 28% (.28) and subtract \$3,500 (\$1,750 if married filing separately for 2002) from the result.
12 Minimum tax foreign tax credit on exclusion items (see instructions).
13 Tentative minimum tax on exclusion items. Subtract line 12 from line 11.
14 Enter the amount from your 2002 Form 6251, line 34, or 2002 Form 1041, Schedule I, line 55.
15 Net minimum tax on exclusion items. Subtract line 14 from line 13. If zero or less, enter -0-.

Part II Minimum Tax Credit and Carryforward to 2004

- 16 Enter the amount from your 2002 Form 6251, line 35, or 2002 Form 1041, Schedule I, line 56.
17 Enter the amount from line 15 above.
18 Subtract line 17 from line 16. If less than zero, enter as a negative amount.
19 2002 minimum tax credit carryforward. Enter the amount from your 2002 Form 8801, line 26.
20 Enter the total of your 2002 unallowed nonconventional source fuel credit and 2002 unallowed qualified electric vehicle credit (see instructions).
21 Combine lines 18, 19, and 20. If zero or less, stop here and see instructions.
22 Enter your 2003 regular income tax liability minus allowable credits (see instructions).
23 Enter the amount from your 2003 Form 6251, line 33, or 2003 Form 1041, Schedule I, line 54.
24 Subtract line 23 from line 22. If zero or less, enter -0-.
25 Minimum tax credit. Enter the smaller of line 21 or line 24. Also enter the amount on your 2003 Form 1040, line 32; Form 1040NR, line 48; or Form 1041, Schedule G, line 20.
26 Minimum tax credit carryforward to 2004. Subtract line 25 from line 21. Keep a record of this amount because you may use it in future years.

For Paperwork Reduction Act Notice, see page 4.

Ca. No. 100025

Form 8801 (2003)

Part III Tax Computation Using Maximum Capital Gains Rates

Caution: If you did not complete Schedule D (Form 1040) for 2002 because you reported capital gain distributions directly on Form 1040, line 13, or your 2002 taxable income was zero or less, see the instructions before completing this part.

Caution: For a fiscal year taxpayer with a prior tax year that ends in 2003, the amount on line 48 cannot exceed the amount figured under section 55(b)(3) (maximum rate of tax on net capital gain) or, if applicable, section 301(c) of the Jobs and Growth Tax Relief Reconciliation Act of 2003 (see instructions).

- 27 Enter the amount from line 10.
28 Enter the amount from line 23 of your 2002 Schedule D (Form 1040) (line 21 of the 2002 Schedule D (Form 1041)) or line 9 of your 2002 Schedule D Tax Worksheet.
29 Enter the amount from line 19 of your 2002 Schedule D (Form 1040) or line 15d, column (2), of the 2002 Schedule D (Form 1041).
30 If you did not complete the 2002 Schedule D Tax Worksheet, enter the amount from line 28. Otherwise, add lines 28 and 29, and enter the smaller of that result or the amount from line 4 of your 2002 Schedule D Tax Worksheet.
31 Enter the smaller of line 27 or line 30.
32 Subtract line 31 from line 27.
33 If line 32 is \$175,000 or less (\$87,500 or less if married filing separately for 2002), multiply line 32 by 26% (.26). Otherwise, multiply line 32 by 28% (.28) and subtract \$3,500 (\$1,750 if married filing separately for 2002) from the result.
34 Enter the amount from line 28 of your 2002 Schedule D (Form 1040) (line 26 of the 2002 Schedule D (Form 1041)) or line 16 of your Schedule D Tax Worksheet. Enter -0- if you did not complete Part IV of your 2002 Schedule D (Form 1040) (Part V of 2002 Schedule D (Form 1041)).
35 Enter the smaller of line 27 or line 28.
36 Enter the smaller of line 34 or line 35.
37 Enter the amount from your 2002 Schedule D (Form 1040), line 29 (or 2002 Schedule D (Form 1041), line 27) if you did not complete that line, enter -0-.
38 Enter the smaller of line 36 or line 37.
39 Multiply line 38 by 8% (.08).
40 Subtract line 39 from line 38.
41 Multiply line 40 by 10% (.10).
42 Subtract line 36 from line 35.
43 Multiply line 42 by 20% (.20).
44 Subtract line 35 from line 31.
45 Multiply line 44 by 25% (.25).
46 Add lines 33, 39, 41, 43, and 45.
47 If line 27 is \$175,000 or less (\$87,500 or less if married filing separately for 2002), multiply line 27 by 26% (.26). Otherwise, multiply line 27 by 28% (.28) and subtract \$3,500 (\$1,750 if married filing separately for 2002) from the result.
48 Enter the smaller of line 46 or line 47 here and on line 11.

\* The 2002 Schedule D Tax Worksheet is on page 0-9 of the 2002 instructions for Schedule D (Form 1040) (page 35 of the 2002 instructions for Form 1040).

## General Instructions

Section references are to the Internal Revenue Code.

### Purpose of Form

Use Form 8801 if you are an individual, estate, or trust to figure the minimum tax credit, if any, for alternative minimum tax (AMT) you incurred in prior tax years and to figure any minimum tax credit carryforward.

### Who Should File

Complete Form 8801 if you are an individual, estate, or trust that for 2002 had:

- An AMT liability and adjustments or preferences other than exclusion items.
  - A minimum tax credit carryforward to 2003, or
  - An unallowed nonconventional source fuel credit or qualified electric vehicle credit (see the instructions for line 20).
- File Form 8801 only if line 21 is more than zero.

### Specific Instructions

The AMT is attributable to two types of adjustments and preferences—deferral items and exclusion items. Deferral items (for example, depreciation) generally do not cause a permanent difference in taxable income over time. Exclusion items (for example, the standard deduction), on the other hand, do cause a permanent difference. The minimum tax credit is allowed only for the AMT attributable to deferral items.

### Line 1—Estates and Trusts

Skip lines 1 through 3 of Form 8801, Complete Parts I and II of another 2002 Form 1041, Schedule I, For Part I of Schedule I, take into account only exclusion items (the amounts included on lines 2 through 6, 8, and 9, and any other adjustments related to exclusion items included on line 23 of Schedule I). On line 24 of Schedule I, use the minimum tax credit net operating loss deduction (MTCNOLD). However, do not limit the MTCNOLD to 50% of the total of lines 1 through 23 of Schedule I (see the instructions for line 3 on this page for how to figure the MTCNOLD). In Part II of Schedule I, complete lines 35 and 36 without taking into account any basis adjustments arising from deferral items if the amount on Schedule I, line 29, is zero or less; enter zero on Form 8801, line 4. Otherwise, enter on Form 8801, line 4, the amount from Schedule I, line 29, adjusted for exclusion items that were allocated to the beneficiary

To determine the amount of MTCNOLD that you are entitled to for 2002, either the 2002 carry-forward sections 172(b)(2) and 172(f) with appropriate modifications to take into account only exclusion items.

### Line 4

If your filing status was married filing separately for 2002 and line 4 is more than \$173,000, you must include an additional amount on line 4. If line 4 is \$271,000 or more, include an additional \$24,500 on line 4. Otherwise, include 25% of the excess of the amount on line 4 over \$173,000. For example, if the amount on line 4 is \$193,000, enter \$198,000 instead—the additional \$5,000 is 25% of \$20,000 (\$193,000 minus \$173,000).

### Line 9

If this form is for a child who was under age 14 at the end of 2002 and at least one of the child's parents was alive at the end of 2002, do not enter more than the sum of the child's 2002 earned income plus \$5,300.

**Note:** A child born on January 1, 1993, is considered to be age 14 at the end of 2002, and is therefore not subject to this limitation.

### Line 10

If you filed Form 1040NR for 2002 and had a net gain on the disposition of U.S. real property interests, line 10 cannot be less than the smaller of that net gain or line 4.

### Line 12

The minimum tax foreign tax credit on exclusion items (MTFFTC) is your 2002 AMT foreign tax credit (AMTFTFC) refigured using only exclusion items. Follow these steps to figure your MTFFTC:

1. Use a separate 2002 Form 1116 for the MTFFTC for each separate limitation category specified at the top of Form 1116.

**Note:** When applying the separate limitation categories, use the applicable AMT rates of the regular tax rate for determining if any income is "high-taxed."

2. If you figured your 2002 AMTFTFC using the simplified limitation election, skip Part I and enter on the MTFFTC Form 1116, line 16, the same amount you entered on that line for the 2002 AMT Form 1116. Otherwise, complete Part I using only taxable income and exclusion items that are attributable to sources outside the United States. If required by the instructions for Form 1116 (based on your MTFFTC

Schedule D), complete Worksheet A, Worksheet B, and the Worksheet for line 17 for the MTFFTC. (But, if required, make adjustments to your foreign source capital gains and losses using the instructions in Pub. 514, Foreign Tax Credit for Individuals, instead of completing Worksheets A and B.) If you are required to complete an MTFFTC Worksheet for line 17, follow the instructions under 5, below.

3. Complete lines 9 through 13 of the MTFFTC Form 1116. For line 9, use the same amount you entered on that line for 2002 for the regular tax. Use your MTFFTC carryover, if any, on line 10.
4. If you did not figure your 2002 AMTFTFC using the simplified limitation election, complete lines 14 through 16 of the MTFFTC Form 1116.

5. If you did not complete Part III of Form 8801, enter the amount from Form 8801, line 4, on line 16 of the MTFFTC. Otherwise, follow the steps to complete, for the MTFFTC, the Worksheet for line 17 on page 16 of the 2002 Form 1116 instructions.

- a. Enter the amount from Form 8801, line 4, on line 1 of the MTFFTC Worksheet for line 17.
- b. Complete the Schedule D Tax Worksheet (in the 2002 Instructions for Schedule D (Form 1040)) or the 2002 Instructions for Form 1041 for the MTFFTC as follows: Enter the amount from Form 8801, line 10, on line 1 of the worksheet and skip lines 15, 19, 21, 25, 31, and 34 through 37. Use the amounts from Parts I, II, and III of your 2002 regular tax Schedule D (Form 1040) (Parts I through IV of Schedule D (Form 1041)) to complete the rest of the MTFFTC Schedule D Tax Worksheet. If you reported capital gain distributions directly on Form 1040, line 13, on lines 2, 4, and 9 of the MTFFTC Schedule D Tax Worksheet, and enter zero on lines 3 and 5 through 8 of that worksheet.

c. Complete the rest of the MTFFTC Worksheet for line 17 using the amounts from the MTFFTC Schedule D.

6. Enter the amount from Form 8801, line 11, on the MTFFTC Form 1116, line 19. Complete lines 18, 20, and 21 of the MTFFTC Form 1116.
7. Complete Part IV of the first MTFFTC Form 1116 only. Enter the amount from the MTFFTC Form 1116, line 33, on Form 8801, line 12.
8. Keep all Forms 1116 you used to figure your MTFFTC, but do not attach them to your tax return.

If line 13 of the MTFFTC Form 1116 is greater than line 20 of the MTFFTC Form 1116, keep a record of the difference. This amount is carried forward and used to figure your MTFFTC next year.

### Line 20

Enter the total of any nonconventional source fuel credit and qualified electric vehicle credit not allowed for 2002 solely because of the limitations under sections 295(b)(8) and 306(b)(3)(B).

### Line 21

If line 21 is zero or less, you do not have a minimum tax credit or a minimum tax credit carryforward. Do not complete the rest of this form and do not file it.

### Line 22

Follow the instructions below and refer to your 2003 income tax return to figure the amount to enter on line 22.

**Form 1040.** Subtract from the amount on line 41 the total of any credits on lines 44 through 52 (not including any credit for prior year minimum tax). If the result is zero or less, enter zero.

**Form 1040NR.** Subtract from the amount on line 39 the total of any credits on lines 42 through 48 (not including any credit for prior year minimum tax). If the result is zero or less, enter zero.

**Form 1041, Schedule G.** Subtract the total of any credits on lines 2a through 2c from the sum of lines 1a and 1b. If the result is zero or less, enter zero.

### Part III—Tax Computation Using Maximum Capital Gains Rates

If you did not complete Schedule D (Form 1040) for 2002 because you reported capital gain distributions directly on Form 1040, line 13, then:

- Enter the amount of your 2002 capital gain distributions on Form 8801, lines 28 and 30.
- Skip Form 8801, line 29, and
- Enter on Form 8801, line 34, the amount, if any, from line 7 of the Capital Gain Tax Worksheet in the instructions for line 42 of the 2002 Form 1040.

If your 2002 taxable income was zero or less, complete lines 19 and 21 through 23 of your 2002 Schedule D (Form 1040) (lines 19 through 21 of the 2002 Schedule D (Form 1041)), or lines 2 through 9 of the 2002 Schedule D Tax Worksheet, if applicable, before completing Part III.

For a fiscal year taxpayer with a prior tax year that ends in 2003, the amount on line 48 cannot exceed the amount figured under section 55(b)(3) (maximum rate of tax on net capital gain) or, if applicable, section 301(g) of the Jobs and Growth Tax Relief Reconciliation Act of 2003. If your computation of the amount to be entered on line 48 is less than the amount figured using Part III, enter the amount figured on line 48. Also, enter "See attached" on the dotted line to the left of the entry space for line 48 and attach a separate sheet showing how you figured the amount on line 48.

**Paperwork Reduction Act Notice.** We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: **Recordkeeping**, 2 hr., 4 min.; **Learning about the law or the form**, 1 hr., 39 min.; **Preparing the form**, 1 hr., 51 min.; **Copying, assembling, and sending the form to the IRS**, 16 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.



Form 8814 Parents' Election To Report Child's Interest and Dividends

Department of the Treasury Internal Revenue Service Name(s) shown on your return

2003

Attachment Sequence No. 40

Caution: The Federal income tax on your child's income, including qualified dividends and capital gain distributions, may be less if you file a separate tax return for the child instead of making this election. This is because you cannot take certain tax benefits that your child could take on his or her own return. For details, see Tax Benefits You May Not Take on the back.

A Child's name (first, initial, and last) B Child's social security number

C If more than one Form 8814 is attached, check here

Part I Child's Interest and Dividends To Report on Your Return

- 1a Enter your child's taxable interest. If this amount is different from the amounts shown on the child's Forms 1099-INT and 1099-OID, see the instructions.
1b Enter your child's tax-exempt interest. Do not include this amount on line 1a.
2 Enter your child's ordinary dividends, including any Alaska Permanent Fund dividends. If your child received any ordinary dividends as a nominee, see the instructions.
3 Enter your child's capital gain distributions. If your child received any capital gain distributions as a nominee, see the instructions.
4 Add lines 1a, 2, and 3. If the total is \$1,500 or less, skip lines 5 and 6 and go to line 7. If the total is \$1,500 or more, do not file this form. Your child must file his or her own return to report the income.
5 Base amount.
6 Subtract line 5 from line 4. See the instructions for where to report this amount. Go to line 7 below.

Part II Tax on the First \$1,500 of Child's Interest and Dividends

Table with 9 rows and 2 columns: Line number and Amount not taxed. Row 6 shows 1,500.00.

9 Tax. Is the amount on line 8 less than \$1,500?
No. Enter \$75 here and see the Note below.
Yes. Multiply line 8 by 10% (.10). Enter the result here and see the Note below.

Note: If you checked the box on line C above, see the instructions. Otherwise, include the amount from line 9 in the tax you enter on Form 1040, line 41, or Form 1040NR, line 39. Be sure to check box a on Form 1040, line 41, or Form 1040NR, line 39.

General Instructions

- Purpose of Form. Use this form if you elect to report your child's income on your return if you do. Your child will not have to file a return. You can make this election if your child meets all of the following conditions.
The child's only income was from interest and dividends, including capital gain distributions.
The child was born on January 1, 1990, or later, and is considered to be age 14 at the end of 2003.
The child's only income was from interest and dividends, including capital gain distributions.
The child's gross income for 2003 was less than \$1,500.
The child is required to file a 2003 return.
You are filing a joint return for 2003 with the child's other parent.

For Paperwork Reduction Act Notice, see back of form. Form 8814 (2003)

Change of Address. If your child filed a return for a previous year and the address shown on the last return filed is not your child's current address, be sure to notify the IRS, in writing, of the new address. To do this, you may use Form 8822, Change of Address.
Additional Information. See Pub. 929 Tax Rules for Children and Dependents, for more details.

Line Instructions

Name and Social Security Number. If filing a joint return, include your spouse's name but enter the social security number of the person whose name is shown first on the return.
Line 1a. Enter all taxable interest income received by your child in 2003, if your child received a Form 1099-INT for tax-exempt interest, such as from municipal bonds, enter the amount and "Tax-exempt interest" on the dotted line next to line 1a. Do not include this interest in the total for line 1a but be sure to include it on line 1b.
If your child received, as a nominee, interest that actually belongs to another person, enter the amount and "NO" for nominee distribution on the dotted line next to line 1a. Do not include amounts received as a nominee in the total for line 1a.

Alternative Minimum Tax. If your child received tax-exempt interest (or exempt-interest dividends paid by a regulated investment company) from certain private activity bonds, you must take this into account in determining if you owe the alternative minimum tax. See Form 6251, Alternative Minimum Tax, for individuals, and its instructions for details.
Investment Interest Expenses. Your child's income (other than qualified dividends and capital gain distributions) that you report on your return is considered to be your investment income for purposes of figuring your investment interest expense deduction. If your child received qualified dividends, Alaska Permanent Fund dividends, or capital gain distributions, see Pub. 550, Investment Income and Expenses, to figure the amount you may deduct for your investment income.

Foreign Accounts and Trusts. Complete Part III of Schedule B (Form 1040) for your child if he or she (a) had a foreign financial account or (b) received a distribution from, or was the grantor of, or transferor to, a foreign trust. If you answer "yes" to either question, you must file this Schedule B with Form 8814. See the instructions to line 7a or line 8, whichever applies. Also, complete line 7b if applicable.

Note: If you and the child's other parent were married for 2003 (including the year of separation of tax from his or her 2002 return applied to 2003 estimated tax), there was no Federal income tax withheld from the child's income. You must also qualify. See Parents Who Qualify To Make the Election below.
How To Make the Election. To make the election, complete and attach Form(s) 8814 to your tax return and file your return by the due date (including extensions). A separate Form 8814 must be filed for each child whose income you choose to report.
Parents Who Qualify To Make the Election. You qualify to make this election if you file Form 1040 or Form 1040NR and any of the following apply:
The child is required to file a 2003 return.
You are filing a joint return for 2003 with the child's other parent.

Line 3. Enter the capital gain distributions received by your child in 2003. Capital gain distributions should be shown in box 2a of Form 1099-DIV. Also, see the instructions for line 6.
If your child received, as a nominee, capital gain distributions that actually belong to another person, enter the amount and "NO" on the dotted line next to line 3. Do not include amounts received as a nominee in the total for line 3.

Line 6. If you checked the box on line C, add the amounts from line 6 of all your Forms 8814. Unless the exception below applies, do not include amounts from line 21 of Form 1040 or Form 1040NR, whichever applies. Be sure to enter "Form 8814" and the total of the line 6 amounts in the space next to line 21.

Exception. If your child received qualified dividends or capital gain distributions, part or all of that income must be reported on your Form 1040 or Form 1040NR instead of on Form 8814. See Pub. 929 for details.

Line 9. If you checked the box on line C, add the amounts from line 9 of all your Forms 8814. Include the total on Form 1040, line 41, or Form 1040NR, line 39. Be sure to check box a on that line.

Paperwork Reduction Act Notice

We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.
You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as the information may be required by the IRS. The administering authority may request copies of these records from you if you are not able to produce them. Generally, tax returns and return information are confidential, as required by Internal Revenue Code section 6103.
This form will vary depending on individual circumstances. The estimated average time to complete this form is 26 minutes. Learning about the law or the form, 9 min.; Preparing the form, 24 min.; and Copying, assembling, and sending the form to the IRS, 16 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.





# Section 6

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Size of adjusted gross income .....	1.4
Type of exemption and size of	
Adjusted gross income .....	2.3
Type of exemption and marital status .....	2.4
Reported on:	
Returns with itemized deductions .....	2.1
Time series, 1999-2003 .....	A

## O

<b>Ordinary dividends</b>	
Classified by:	
Marital status .....	1.3
Size of adjusted gross income .....	1.4
1979 income concept .....	B
Definition .....	pg 138
Reported on:	
Returns with itemized deductions .....	2.1
Classified by marital status .....	2.2
Time series, 1999-2003 .....	A
<b>Other adjustments</b>	
(See also Statutory adjustments)	
Classified by:	
Size of adjusted gross income .....	1.4
Time series, 1999-2003 .....	A
<b>Other contributions</b>	
(See Contributions deduction)	
<b>Other dependents</b>	
(See Exemptions)	

<b>Other income or loss</b>	
Classified by:	
Marital status .....	1.3
Size of adjusted gross income .....	1.4
Definition .....	pg 138
Reported on:	
Returns with itemized deductions .....	2.1
Classified by marital status .....	2.2
Time series, 1999-2003 .....	A

<b>Other payments</b>	
Definition .....	pg 139
Time series, 1999-2003 .....	A

<b>Other tax credits</b>	
Classified by:	
Size of adjusted gross income .....	3.3
Definition .....	pg 139

<b>Other taxes deduction</b>	
(See also Taxes paid deduction)	
Definition .....	pg 139
Reported on returns with itemized	
Deductions .....	2.1

<b>Other than cash contributions deduction</b>	
(See Contributions deduction)	

<b>Overpayment</b>	
(See also Credit to 2004 estimated tax)	
Credited to 2004 estimated tax:	
Classified by:	
Size of adjusted gross income .....	3.3
Definition .....	pg 139
Refunded:	
Classified by:	
Marital status .....	1.3
Size of adjusted gross income .....	3.3
Returns with itemized deductions	
classified by marital status .....	2.2
Time series, 1999-2003 .....	A
Total .....	3.3

## P

<b>Parent exemptions</b>	
(See Exemptions)	

**Parents' election to report child's interest and dividends**

Definition .....	pg 139
Reported on returns with modified Taxable income .....	3.4,3.5,3.6
Classified by:	
Marital status .....	3.4, 3.6
Size of adjusted gross income .....	3.5

**Partnership and S Corporation net income or loss**

Classified by:	
Marital status .....	1.3
Size of adjusted gross income .....	1.4
1979 income concept .....	B
Definition .....	pg 139
Reported on:	
Returns with itemized deductions .....	2.1
Classified by marital status .....	2.2

**Passive activity losses**

Definition .....	pg 140
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**Payment with request for extension of filing time**

Classified by:	
Size of adjusted gross income .....	3.3
Definition .....	pg 140
Time series, 1999-2003 .....	A

**Payments to a Keogh plan**

Classified by:	
Marital status .....	1.3
Size of adjusted gross income .....	1.4
Definition .....	pg 140
Reported on:	
Returns with itemized deductions	
Classified by marital status .....	2.2
Time series, 1999-2003 .....	A

**Penalty tax on qualified retirement plans**

Classified by:	
Size of adjusted gross income .....	3.3
Definition .....	pg 140
Time series, 1999-2003 .....	A

**Pensions and annuities**

Classified by:	
Marital status .....	1.3

Size of adjusted gross income .....	1.4
1979 income concept .....	B
Definition .....	pg 140
Reported on:	
Returns with itemized deductions .....	2.1
Classified by marital status .....	2.2
Time series, 1999-2003 .....	A

**Personal exemption**

(See Exemptions)

**Personal interest deductions**

(See Interest paid deduction)

**Personal interest paid**

(See also Interest paid deduction)

**Personal property taxes deduction**

(See also Taxes paid deduction)

Definition .....	pg 141
Reported on returns with itemized Deductions .....	2.1

**Population and sample**

Reported on Forms 1040, 1040A, and 1040EZ .....	C
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**Predetermined estimated tax penalty**

Classified by:	
Size of adjusted gross income .....	3.3
Definition .....	pg 141
Time series, 1999-2003 .....	A

**Prescription medicine and drug expenses**

(See Medical and dental expenses deduction)

**Primary IRA Payments**

(See also Individual retirement arrangement deductible payments, adjustment)

Classified by:	
Marital status .....	1.3
Size of adjusted gross income .....	1.4
Reported on:	
Returns with itemized deductions	
Classified by marital status .....	2.2
Time series, 1999-2003 .....	A

## Q

### Qualified dividends

- Classified by:
  - Marital status ..... 1.3
  - Size of adjusted gross income ..... 1.4
  - 1979 income concept ..... B
- Definition .....pg 141
- Reported on:
  - Returns with itemized deductions ..... 2.1
  - Classified by marital status ..... 2.2
  - Time series, 1999-2003 ..... A

## R

### Real estate taxes

(See also Taxes paid deduction)

- Definition ..... pg 141
- Reported on returns with itemized
  - Deductions ..... 2.1

### Recapture taxes

- Time series, 1999-2003 ..... A

### Refund

(See also Overpayment refunded)

- Definition ..... pg 141

### Refund credited to next year

(See also Credit to 2001 estimated tax)

- Time series, 1999-2003 ..... A

### Regular tax computation

- Classified by:
  - Size of adjusted gross income ..... 3.1
- Definition ..... pg 142

### Rent and royalty net income or loss

- Classified by:
  - Marital status ..... 1.3
- Definition ..... pg 142
- Reported on:
  - Returns with itemized deductions ..... 2.1
  - Classified by marital status ..... 2.2

### Rent net income or loss

- Classified by:
  - Size of adjusted gross income ..... 1.4
- Definition ..... pg 142

### Retirement savings contribution credit

- Classified by:
  - Marital status .....1.3
  - Size of adjusted gross income..... 3.3
- Reported on:
  - Returns with itemized deductions
    - Classified by marital status..... 2.2
  - Definition .....pg 142
  - Time series, 1999-2003 .....A

### Requirements for filing

- Description ..... pg 10

### Retrospective income concept

- Classified by size of adjusted gross
  - Income and 1979 concept ..... B
- Description ..... pg 14

### Roth IRA

- Description ..... pg 142

### Royalty net income or loss

- Classified by:
  - Size of adjusted gross income ..... 1.4
- Definition ..... pg 143

## S

### S corporation

(See partnership and S Corporation net income or loss)

### Salaries and wages

- Classified by:
  - Marital status ..... 1.3
  - Size of adjusted gross income ..... 1.4
  - 1979 income concept ..... B
- Definition ..... pg 143
- Reported on:
  - Returns with itemized deductions ..... 2.1
  - Classified by marital status ..... 2.2
  - Time series, 1999-2003 ..... A

**Sales of capital assets, net gain or loss**

Classified by:

Marital status .....	1.3
Size of adjusted gross income .....	1.4
Post May 5, 2003 .....	1.4
1979 income concept .....	B

Definition ..... pg 143

Reported on:

Returns with itemized deductions .....	2.1
Classified by marital status .....	2.2

**Sales of capital assets reported on Schedule D**

Classified by:

Size of adjusted gross income.....	1.4
------------------------------------	-----

**Sales of property other than capital assets, net gain or loss**

Classified by:

Marital status .....	1.3
Size of adjusted gross income .....	1.4

Definition ..... pg 144

Reported on:

Returns with itemized deductions .....	2.1
Classified by marital status .....	2.2

Time series, 1999-2003 ..... A

**Schedule D gain subject to 28% tax rate**

Classified by:

Size of adjusted gross income .....	1.4
-------------------------------------	-----

**Secondary IRA payments**

(See also Individual retirement arrangement deductible payments, adjustment)

Classified by:

Marital status .....	1.3
Size of gross adjusted income .....	1.4

Reported on:

Returns with itemized deduction Classified by marital status .....	2.2
---	-----

Time series, 1999-2003 ..... A

**Self-employed health insurance deduction**

Changes in law ..... pg 13

Classified by:

Marital status .....	1.3
Size of adjusted gross income .....	1.4

Definition ..... pg 144

Time series, 1999-2003 ..... A

**Self-employment tax**

(See also Deduction of self-employment tax)

Changes in law ..... pg 13

Classified by:

Size of adjusted gross income .....	3.3
Definition .....	pg 145
Time series, 1999-2003 .....	A

**Separate returns of married persons**

(See also Marital filing status)

Classified by:

Each rate at which tax was computed ....	3.6
Marginal tax rate .....	3.4
Size of adjusted gross income .....	1.2
Sources of income .....	1.3
Type of exemption.....	2.4

Reported on returns with itemized deductions

Classified by marital status ..... 2.2

**Short-term capital gain or loss**

(See also Sales of capital assets, net gain or loss)

Classified by size of adjusted gross

income .....	1.4
Post May 5, 2003.....	1.4
Definition.....	pg 145

**Short-term gain or loss from other forms**

(See also Sales of capital assets, net gain or loss)

Classified by size of adjusted gross

Income .....	1.4
Post May 5, 2003.....	1.4

**Short-term loss carryover**

(See also Sales of capital assets, net gain or loss)

Classified by size of adjusted gross

Income .....	1.4
Definition.....	pg 145

**Single persons, returns of**

(See also Marital filing status)

Classified by:

Each rate at which tax was computed ....	3.6
Marginal tax rate .....	3.4
Size of adjusted gross income .....	1.2
Sources of income .....	1.3
Type of exemption.....	2.4

Reported on returns with itemized deductions

Classified by marital status ..... 2.2



**Size of adjusted gross income**

Classified by:

Marital status .....	1.2
Selected income and tax items .....	1.1
Size of adjusted gross income .....	3.3
Sources of income .....	1.4
Type of tax computation .....	3.1
1979 income concept .....	B

Definition ..... pg 145

Reported on:

Returns with earned income credit .....	2.5
Returns with itemized deductions .....	2.1
Returns with modified taxable Income .....	3.1, 3.6
Returns with total income tax .....	3.2
Type of exemption .....	2.3

**Size of income**

Classified by size of adjusted gross

income and by 1979 concept ..... B

**Social security benefits**

Benefits in adjusted gross income:

Classified by:

Marital status .....	1.3
Size of adjusted gross income .....	1.4

Definition ..... pg 145

Reported on:

Returns with itemized deductions .....	2.1
Classified by marital status .....	2.2

Time series, 1999-2003 ..... A

**Social security and Medicare tax on tip income**

Classified by:

Marital status .....	3.3
----------------------	-----

Definition ..... pg 145

Time series, 1999-2003 ..... A

**Sources of income**

(See also specific type)

Classified by:

Marital status .....	1.3
Size of adjusted gross income .....	1.4

Reported on:

Returns with itemized deductions .....	2.1
Classified by marital status .....	2.2

**Sources of data**

(See description of sample)

**Spouse IRA**

Time series, 1999-2003 ..... A

**Standard deduction**

(See also Basic and additional standard deductions)

Changes in law ..... pg 13

Classified by:

Marital status .....	1.2
Size of adjusted gross income .....	1.2

Definition ..... pg 146

Time series, 1999-2003 ..... A

**State income tax refunds**

(See Taxes paid deduction)

Classified by:

Marital status .....	1.3
Size of adjusted gross income .....	1.4

Definition ..... pg 146

Reported on:

Returns with itemized deductions .....	2.1
Classified by marital status .....	2.2

Time series, 1999-2003 ..... A

**State and local income taxes**

Definition ..... pg 146

Reported on returns with itemized

Deductions ..... 2.1

**Statutory adjustments**

(See also specific type)

Classified by:

Marital status .....	1.3
Size of adjusted gross income .....	1.4

1979 income concept ..... B

Definition ..... pg 146

Reported on:

Returns with itemized deductions .....	2.1
Classified by marital status .....	2.2

Time series, 1999-2003 ..... A

Type of adjustment ..... 1.4

**Student loan interest deduction**

Classified by:

Marital status .....	1.3
Definition .....	pg 147

Reported on:

Returns with itemized deductions

Classified by marital status ..... 2.2

Time series, 1999-2003 .....	A
Type of adjustment .....	1.4

### Surviving spouses, returns of

(See also Marital filing status)

Classified by:

Each rate at which tax was computed .....	3.6
Marginal tax rate .....	3.4
Sources of income .....	1.3
Size of adjusted gross income .....	1.2
Type of exemption .....	2.4

Reported on returns with itemized deductions classified by marital status .....	2.2
--	-----

## T

### Tax credits

(See also specific type)

Classified by:

Marital status .....	1.3
Size of adjusted gross income .....	3.3
1979 income concept .....	B

Reported on:

Returns with modified taxable income ...	3.1
Returns with itemized deductions .....	2.1
Classified by marital status .....	2.2
Time series, 1999-2003 .....	A
Type of credit .....	3.3

### Tax due at time of filing

Classified by:

Marital status .....	1.3
Size of adjusted gross income .....	3.3
Definition .....	pg 147

Reported on:

Returns with itemized deductions Classified by marital status .....	2.2
Time series, 1999-2003 .....	A

### Tax generated

Classified by:

Each rate at which tax was computed .....	3.6
Marginal tax rate .....	3.4
Marital status .....	3.4
Size of adjusted gross income .....	3.5
Tax generated at specified rate .....	3.5
Definition .....	pg 147
Reported on returns with modified	

taxable income .....	3.1
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### Tax items

(See also specific type)

Classified by:

Accumulated size of adjusted gross Income .....	1.1
Marital status .....	1.3
Size of adjusted gross income ...	1.2, 1.4, 3.3
1979 income concept .....	B

Reported on:

Returns with modified taxable income ...	3.1
Returns with itemized deductions .....	2.1
Classified by marital status .....	2.2
Time series, 1999-2003 .....	A

### Tax liability

Classified by:

Marital status .....	1.3
Size of adjusted gross income .....	3.3

Reported on:

Returns with itemized deductions Classified by marital status .....	2.2
Time series, 1999-2003 .....	A

### Tax payments

(See also specific type)

Classified by:

Marital status .....	1.3
Size of adjusted gross income .....	3.3
Definition .....	pg 148

Reported on:

Returns with itemized deductions Classified by marital status .....	2.2
Time series, 1999-2003 .....	A

### Tax penalty

(See also Predetermined estimated tax penalty)

Definition .....	pg 148
Time series, 1999-2003 .....	A

### Tax preparation fee

(See also Miscellaneous itemized deductions)

Definition .....	pg 148
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### Tax rates

(See Income tax withheld)

**Tax withheld**

(See Income tax withheld)

**Tax-exempt interest**

Classified by:

Marital status ..... 1.3

Size of adjusted gross income ..... 1.4

Definition ..... pg 148

Reported on:

Returns with itemized deductions ..... 2.1

Classified by marital status ..... 2.2

Time series, 1999-2003 ..... A

**Taxable income**

Classified by:

Accumulated size of adjusted gross

Income ..... 1.1

Marital status ..... 1.2,1.3

Size of AGI ..... 1.1, 1.2, 1.4,3.5

1979 income concept ..... B

Tax generated at specific rate ..... 3.5

Definition ..... pg 148

Reported on:

Returns with itemized deductions ..... 2.1

Classified by marital status ..... 2.2

Time series, 1999-2003 ..... A

**Taxable interest**

Classified by:

Marital status ..... 1.3

Size of adjusted gross income ..... 1.4

1979 income concept ..... B

Definition ..... pg 149

Reported on:

Returns with itemized deductions ..... 2.1

Classified by marital status ..... 2.2

Time series, 1999-2003 ..... A

**Taxable IRA**

(See Individual retirement arrangement (IRA) taxable distributions)

**Taxable pensions and annuities**

(See Pensions and annuities)

Time series, 1999-2003 ..... A

**Taxable returns**

(See also Nontaxable returns)

Classified by:

Accumulated size of AGI ..... 1.1

Size of adjusted gross

Income ..... 1.1,1.2,1.4,2.3,3.3

Reported on:

Returns with itemized deductions ..... 2.1

**Taxable social security**

Time series, 1999-2003 ..... A

**Taxes paid deduction**

Classified by marital status ..... 1.3

Definition ..... pg 149

Reported on:

Returns with itemized deductions ..... 2.1

Classified by marital status ..... 2.2

Type of taxes paid deduction ..... 2.1

**Total credits**

(See also Tax credits and total tax credits)

Time series, 1999-2003 ..... A

**Total income**

Definition ..... pg 149

**Total income, net gain less loss**

Time series, 1999-2003 ..... A

**Total income tax**

As percentage of adjusted gross income ... 3.2

Type of tax computation ..... 3.1

As percentage of taxable income..... 1.1

Average ..... 1.1

Type of tax computation ..... 3.1

Classified by:

Accumulated size of adjusted

gross income..... 1.1

Each rate at which tax was computed .... 3.6

Marital status ..... 1.2, 1.3

Number of exemptions ..... 2.4

Size of adjusted gross

income ..... 1.1, 1.2, 2.1, 3.2, 3.3

1979 income concept ..... B

Type of exemption ..... 2.3

Definition ..... pg 150

Reported on:

Returns with earned income credit ..... 2.5

Returns with itemized deductions ..... 2.1

Classified by marital status ..... 2.2

Returns with modified taxable income ... 3.1

**Total itemized deductions**

- Classified by:
- Marital status ..... 1.2, 1.3
  - Size of adjusted gross income ..... 1.2, 1.4
  - 1979 income concept ..... B
- Definition ..... pg 150
- Reported on:
- Returns with itemized deductions ..... 2.1
  - Classified by marital status ..... 2.2
- Limitation reported on:
- Returns with itemized deductions ..... 2.1
  - Classified by marital status ..... 2.2
- Time series, 1999-2003..... A
- Type of deduction ..... 2.1

**Total miscellaneous deductions**

(See miscellaneous deductions)

**Total payments**

- Time series, 1999-2003..... A

**Total rent and royalty income or loss**

- Definition ..... pg 150
- Classified by:
- Size of adjusted gross income.....1.4

**Total standard deduction**

(See Standard deduction)

- Time series, 1999-2003 ..... A

**Total statutory adjustments**

(See Statutory adjustments)

- Time series, 1999-2003 ..... A

**Total tax credits**

(See Tax credits)

- Definition ..... pg 150

**Total tax liability**

(See Tax liability)

- Definition ..... pg 151

**Tuition and fees deduction**

- Changes in law.....pg 151
- Classified by:
- Marital status .....1.3
- Reported on:
- Returns with itemized deductions
  - Classified by marital status..... 2.2
  - Size of adjusted gross income.....1.4
- Definition .....g 151
- Time series, 1999-2003 .....A

**Type of tax computation**

- Classified by size of adjusted gross
- Income ..... 3.1
- Definition ..... pg 151

**U****Unemployment compensation**

- Classified by:
- Marital status ..... 1.3
  - Size of adjusted gross income ..... 1.4
- Definition ..... pg 151
- Reported on:
- Returns with itemized deductions ..... 2.1
  - Classified by marital status ..... 2.2
- Time series, 1999-2003 ..... A

**Unreimbursed employee business expense**

(See also Miscellaneous itemized deductions and employee business expense)

- Definition ..... pg 152
- Reported on returns with itemized
- Deductions ..... 2.1

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